

State Law Library of Montana
MONTANA LEGISLATIVE HISTORY

Chapter 646 Session L 1991
Bill House _____ Senate 416

History and final status sheet X
Introduced bill X
Fiscal note X
Third reading bill X
Final version of bill X

House Committee on Taxation

Hearing date(s)* 4/10 4/12

Executive action (vote) date(s)* 4/12

Comm. Report 4/12

Floor 2nd reading & vote 4/16

Floor 3rd reading & vote 4/17

Senate Committee on Taxation

Hearing date(s)* 3/11 3/12
3/23 3/26

Executive action (vote) date(s)* 3/26

Comm. Report 3/26

Floor 2nd reading & vote 4/1;4/18

Floor 3rd reading & vote 4/2;4/19

Conference or Free Conference Comm. _____ Yes X No

Hearing date(s)* _____

Executive action (vote) date(s)* _____

* Includes minutes, exhibits, roll call, visitors register, and vote sheet if available.

Did this bill originate in an interim committee? _____ Yes X No
Committee _____ Report _____

NOTES:



Compiled by: rg

Date: 2/1/2016

SB 415 INTRODUCED BY VAUGHN, ET AL

STATE PARKS RECREATIONAL VEHICLE FEE FOR
RV FACILITIES & SERVICES AT STATE PARK

2/16	INTRODUCED		
2/18	FIRST READING		
2/18	REFERRED TO FISH & GAME		
2/18	FISCAL NOTE REQUESTED		
2/21	HEARING		
2/22	COMMITTEE REPORT—BILL PASSED		
2/23	FISCAL NOTE RECEIVED		
2/23	FISCAL NOTE RECEIVED		
2/23	FISCAL NOTE RECEIVED		
2/25	FISCAL NOTE PRINTED		
2/25	2ND READING PASSED	48	0
2/26	3RD READING PASSED	45	4
TRANSMITTED TO HOUSE			
3/04	FIRST READING		
3/04	REFERRED TO FISH & GAME		
3/15	HEARING		
3/16	REREFERRED TO TAXATION		
4/09	HEARING		
4/13	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
4/17	2ND READING CONCURRED	60	40
4/17	ON MOTION RULES SUSPENDED TO PLACE ON 3RD READING THIS DAY		
4/17	3RD READING CONCURRED	57	41
RETURNED TO SENATE WITH AMENDMENTS			
4/18	2ND READING AMENDMENTS CONCURRED	47	0
4/19	3RD READING AMENDMENTS CONCURRED	48	1
4/23	SIGNED BY PRESIDENT		
4/23	SIGNED BY SPEAKER		
4/23	TRANSMITTED TO GOVERNOR		
4/29	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 718		
EFFECTIVE DATE: 10/01/91 - SECTION 2			
EFFECTIVE DATE: 01/01/92 - SECTION 1			

SB 416 INTRODUCED BY WILLIAMS, ET AL

ALLOW A TAX CREDIT FOR THE INSTALLATION
OF A GEOTHERMAL DEVICE

2/16	INTRODUCED		
2/18	FIRST READING		
2/18	REFERRED TO TAXATION		
2/18	FISCAL NOTE REQUESTED		
2/20	FISCAL NOTE RECEIVED		
2/21	FISCAL NOTE PRINTED		
3/08	REVISED FISCAL NOTE PRINTED		
3/11	HEARING		
3/12	COMMITTEE REPORT—BILL NOT PASSED		
3/12	ADVERSE COMMITTEE REPORT ADOPTED	27	20
3/13	RECONSIDERED ADOPTION OF ADVERSE COMMITTEE REPORT	36	13
3/16	2ND READING DO PASS MOTION FAILED	20	28
3/16	2ND READING INDEFINITELY POSTPONED	28	20
3/18	RECONSIDERED PREVIOUS ACTION	35	13
3/18	REREFERRED TO TAXATION		
3/27	COMMITTEE REPORT—BILL PASSED AS AMENDED		
4/01	2ND READING PASSED	33	15
4/02	3RD READING PASSED	35	15
TRANSMITTED TO HOUSE			
4/02	FIRST READING		
4/02	REFERRED TO TAXATION		

4/10	HEARING		
4/13	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
4/16	2ND READING CONCURRED	69	29
4/17	3RD READING CONCURRED	71	29
RETURNED TO SENATE WITH AMENDMENTS			
4/18	2ND READING AMENDMENTS CONCURRED	45	2
4/19	3RD READING AMENDMENTS CONCURRED	40	9
4/23	SIGNED BY PRESIDENT		
4/23	SIGNED BY SPEAKER		
4/23	TRANSMITTED TO GOVERNOR		
4/26	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 646		
EFFECTIVE DATE: 4/26/91			

SB 417 INTRODUCED BY WILLIAMS

REQUIRING MINIMUM PREMIUM FOR WORKERS' COMPENSATION

2/16	INTRODUCED		
2/18	FIRST READING		
2/18	REFERRED TO LABOR & EMPLOYMENT RELATIONS		
2/18	FISCAL NOTE REQUESTED		
2/23	FISCAL NOTE PRINTED		
2/23	FISCAL NOTE RECEIVED		
3/14	HEARING		
3/27	TABLED IN COMMITTEE		
4/02	ON MOTION TAKEN FROM TABLE IN COMMITTEE AND PLACED ON 2ND READING	25	23
4/04	REREFERRED TO LABOR & EMPLOYMENT RELATIONS		
4/09	TABLED IN COMMITTEE		

SB 418 INTRODUCED BY REA, ET AL

REQUIRE FISH, WILDLIFE, AND PARKS TO
EMPLOY FULL-TIME VETERINARIAN

2/16	INTRODUCED		
2/18	FIRST READING		
2/18	REFERRED TO FISH & GAME		
2/18	FISCAL NOTE REQUESTED		
2/21	HEARING		
2/22	COMMITTEE REPORT—BILL NOT PASSED		
2/22	ADVERSE COMMITTEE REPORT ADOPTED	41	6
2/23	FISCAL NOTE RECEIVED		

SB 419 INTRODUCED BY AKLESTAD, ET AL

REVISE LAWS RELATING TO INVESTIGATION AND
REMOVAL OF CHILDREN FROM THE HOME

2/16	INTRODUCED		
2/18	FIRST READING		
2/18	REFERRED TO JUDICIARY		
2/20	HEARING		
2/20	TABLED IN COMMITTEE		

SB 420 INTRODUCED BY SVRCEK

MANDATORY WORKERS' COMP MEDICAL INSURANCE DEDUCTIBLE

2/16	INTRODUCED		
2/18	FIRST READING		
2/18	REFERRED TO LABOR & EMPLOYMENT RELATIONS		
2/18	FISCAL NOTE REQUESTED		
2/21	HEARING		
2/23	FISCAL NOTE RECEIVED		
2/23	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/26	2ND READING PASSED	48	0
2/27	3RD READING PASSED	46	1

CHAIRMAN--MIKE HALLIGAN
NORMAL SCHEDULE==> SITE: RM 413/415

DAYS: M,T,W,T,F

TIME: 8:00 A.M.

SECRETARY-JILL ROHYANS

BILL NO	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
SB0359	2/12	2/22		PASS AS AMENDED		4/01
NATHE, DENNIS INCOME TAX CREDIT FOR PHYSICIANS PRACTICING IN RURAL AREAS						
SB0373	2/14	3/18		TABLED		
GAGE, DEL GENERALLY REVISING THE TAXATION OF OIL AND GAS						
SB0375	2/14	2/20		PASS AS AMENDED		2/20
BROWN, BOB REVISE APPRAISAL INSTRUCTION; REQUIREMENT FOR STATE TAX APPEAL BOARD MEMBER						
SB0378	2/18	3/11		TABLED		
HARDING, ETHEL PROHIBIT OTHER STATE FROM COLLECTING FOR TAX ON PENSION OR RETIREMENT PAY						
SB0384	2/14	3/07		DO PASS		3/23
LYNCH, J.D. IMPOSE A STATEWIDE 2-MILL LEVY FOR VOCATIONAL AND TECHNICAL EDUCATION						
SB0390	2/14	2/18		PASS AS AMENDED		2/20
VAN VALKENBURG, FRED MAKING CERTAIN PERSONAL PROPERTY ELIGIBLE FOR PROPERTY TAX RELIEF						
SB0396	2/15	3/15		TABLED		
ECK, DOROTHY IMPOSING A TAX ON THE RENTAL OF VIDEO TAPES						
SB0411	2/16	3/15		ADVERSE RPT ADOPT		3/23
FRITZ, HARRY EXPAND USE OF BED TAX BY HISTORICAL SOCIETY						
SB0412	2/18	3/07		PASS AS AMENDED		3/23
CRIPPEN, BRUCE REVISE SALES ASSESSMENT LAW; 3-YEAR REAPPRAISALS STARTING IN 1994						
SB0416	2/18	3/11		ADVERSE RPT ADOPT	TAXATION	3/12
WILLIAMS, BOB ALLOWING A TAX CREDIT FOR THE INSTALLATION OF A GEOTHERMAL DEVICE						
SB0416	3/18			PASS AS AMENDED		3/27
WILLIAMS, BOB ALLOWING A TAX CREDIT FOR THE INSTALLATION OF A GEOTHERMAL DEVICE						

1 *Senate* BILL NO. *416*
2 INTRODUCED BY *Walter H. Hansen*
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT
5 FOR THE INSTALLATION OF A GEOTHERMAL SYSTEM; AMENDING
6 SECTION 15-32-102, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
7 DATE AND A RETROACTIVE APPLICABILITY DATE."
8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
10 **Section 1.** Section 15-32-102, MCA, is amended to read:
11 "15-32-102. Definitions. As used in this part, the
12 following definitions apply:
13 (1) "Building" means a single or multiple dwelling,
14 including a mobile home, or a building used for commercial,
15 industrial, or agricultural purposes, which is enclosed with
16 walls and a roof.
17 (2) "Capital investment" means any material or
18 equipment purchased and installed in a building or land with
19 or without improvements.
20 (3) "Energy conservation purpose" means one or more of
21 the following results of an investment: reducing the waste
22 or dissipation of energy or reducing the amount of energy
23 required to accomplish a given quantity of work.
24 (4) "Geothermal system" means a system that transfers
25 energy either from the ground, by way of a closed loop, or

1 from ground water, by way of an open loop, for the purpose
2 of heating or cooling a residential building.
3 {4}(5) "Passive solar system" means a direct thermal
4 energy system that uses the structure of a building and its
5 operable components to provide heating or cooling during the
6 appropriate times of the year by using the climate resources
7 available at the site. It includes only those portions and
8 components of a building that are expressly designed and
9 required for the collection, storage, and distribution of
10 solar energy and that are not standard components of a
11 conventional building.
12 {5}(6) "Low emission wood or biomass combustion device"
13 means a stove or furnace or a catalytic converter added to a
14 stove or furnace which burns wood or other nonfossil biomass
15 and which has an emission rate of less than 6 grams per hour
16 when tested in conformance with the standard method for
17 measuring the emissions and efficiencies of residential wood
18 stoves as adopted by the department of health and
19 environmental sciences pursuant to 15-32-203.
20 {6}(7) "Recognized nonfossil forms of energy
21 generation" means:
22 (a) a system for the utilization of solar energy
23 including passive solar systems, wind, solid wastes, or the
24 decomposition of organic wastes for capturing energy or
25 converting energy sources into usable sources;

(b) a system for the production of electric power from solid wood wastes;

(c) a low-emission wood or biomass combustion device; or

(d) a small system for the utilization of water power by means of an impoundment not over 20 acres in surface area."

NEW SECTION. Section 2. Credit for geothermal system
-- to whom available -- eligible costs. (1) A resident individual taxpayer who completes installation of a geothermal system, as defined in 15-32-102, in the taxpayer's principal dwelling is entitled to claim a tax credit in an amount equal to 70% of the installation costs of the system, up to \$3,000.

(2) For the purposes of this section, installation costs include the cost of:

(a) trenching, well drilling, casing, and downhole heat exchangers;

(b) piping, control devices, and pumps that move heat from the earth to heat or cool the building;

(c) ground source or ground coupled heat pumps;

(d) liquid-to-air heat exchanger, ductwork, and fans installed with a ground heat well that pump heat from a well into a building; and

(e) design and labor.

NEW SECTION. Section 3. Taxable years in which credit may be claimed -- carryover. The tax credit allowed under [section 2] is deductible from the taxpayer's income tax liability for the taxable year in which the geothermal system was acquired by the taxpayer. If the amount of the tax credit exceeds the taxpayer's income tax liability for the taxable year, the amount that exceeds the tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability. A tax credit may not be carried over for deduction after the fifth taxable year succeeding the taxable year in which the energy system was acquired.

NEW SECTION. Section 4. Codification instruction. [Sections 2 and 3] are intended to be codified as an integral part of Title 15, chapter 32, part 1, and the provisions of Title 15, chapter 32, part 1, apply to [sections 2 and 3].

NEW SECTION. Section 5. Effective date -- retroactive applicability. [This act] is effective on passage and approval and applies retroactively, within the meaning of 1-2-109, to taxable years beginning after December 31, 1990.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0416, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act allowing a tax credit for the installation of a geothermal system; and providing an immediate effective date and a retroactive applicability date.

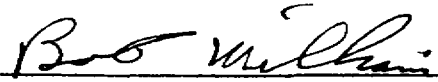
FISCAL IMPACT:Expenditures:

There is no impact on department administrative expenses.

Revenues:

The bill provides for a tax credit of up to \$3,000 for installation of geothermal systems in residential property. The number of properties with the ability to install geothermal systems is not known, but is assumed to be small resulting in a small impact on total revenues.

 2-21-91
ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 2/21/91
BOB WILLIAMS, PRIMARY SPONSOR DATE
Fiscal Note for SB0416, as introduced SB 416

.In compliance with a written request, there is hereby submitted a Fiscal Note for SB0416, as introduced, revised.

DESCRIPTION OF PROPOSED LEGISLATION:

An act allowing a tax credit for the installation of a geothermal system; and providing an immediate effective date and a retroactive applicability date.

FISCAL IMPACT:

Expenditures:

There is no impact on department administrative expenses.

Revenues:

The bill provides for a tax credit of up to \$3,000 for installation of geothermal systems in residential property. At least 50 of these "geothermal systems" have been installed in the state in the last year and a half. The average cost ranges from \$6,500 to \$8,000, which includes the equipment and installation to the duct work in the building. The fiscal impact of the proposal cannot be estimated, although the proposed credit may induce more individuals to install this type of heating system. If 100 taxpayers claimed the credit of \$3,000, the impact to the general fund would be \$300,000 over the proposed five year carryover period.

 3-8-91

ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 3/8/91

BOB WILLIAMS, PRIMARY SPONSOR DATE

Fiscal Note for SB0416, as introduced, revised **SB 416**

Rev.

MINUTES

**MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, Chairman, on March 11, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

Mike Halligan, Chairman (D)
Dorothy Eck, Vice Chairman (D)
Robert Brown (R)
Steve Doherty (D)
Delwyn Gage (R)
John Harp (R)
Francis Koehnke (D)
Gene Thayer (R)
Thomas Towe (D)
Van Valkenburg (D)
Bill Yellowtail (D)

Members Excused: None

Staff Present: Jeff Martin (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: None

HEARING ON HOUSE BILL 481

Presentation and Opening Statement by Sponsor:

Representative Wallin, District 78, sponsor, said auctions on property acquired by tax deed are conducted every six months. The bill would allow the Board of County Commissioners to sell the property between the first auction and the next scheduled auction if there were no qualifying bids submitted for the property at the first auction. The Board may sell the property by negotiated sale at a price that is not less than the fair market value that was fixed for the original auction.

EXECUTIVE ACTION ON HOUSE BILL 151Amendments, Discussion, and Votes:

Jeff Martin, Council Researcher, presented the proposed amendments to the bill (Exhibit #2).

Senator Doherty moved the amendments be adopted.

The motion CARRIED unanimously.

Recommendation and Vote:

Senator Eck moved HB 151 Be Concurred In As Amended.

The motion CARRIED unanimously.

Senator Doherty asked to be quoted as saying, "Contrary to some suggestions in printed material, these amendments do not appear to be dilatory or an attempt to forestall corrective action on an immediate problem. They appear to make the bill a lot better."

HEARING ON SENATE BILL 416Presentation and Opening Statement by Sponsor:

Senator Williams, District 15, sponsor, said the bill allows a tax credit over a five year period for installing a geothermal system.

Proponents' Testimony:

Gene Phillips, Pacific Power and Light, said the bill was introduced at the request of PP&L. The geothermal system uses the earth's heat to heat a house in the winter and cool it in the summer. He said in the Libby area 21% of the homes are heated by wood stoves and 1% by heat pumps. As a result, there is a substantial air quality problem in that area. PP&L commissioned an air quality study for the area, the results of which are contained in Exhibit #3. Use of a ground source heat pump would alleviate the air quality problem measurably. He referred to the chart in Exhibit #4 for the proportion of contributing factors in the air pollution. Heat pumps are not inexpensive, he noted. They cost anywhere from \$6,000 to \$12,000. He presented a chart of comparative fuel prices (Exhibit #5).

Kelly Goosey, Energy Recon, said he has worked with the Ravalli and Flathead Electric Cooperatives on a survey to determine heat loss, home insulating efficiency and pollution factors. He has installed 50 performing heat pumps in the Flathead area. He said a ground source system will operate at 300-350% efficiency. One installation in a 4000 square foot home with a ground source system yields kilowatt usage of \$45 per month. Electric companies have established incentives for their customers who install geothermal devices. The public has a real concern about clean air and energy conservation and is making the change, even with the relatively high cost factor. The incentives are helping with those conversions.

Rudy Kratofil, Ravalli Electric Cooperative, said the geothermal systems make "super good sense" and are working very well in his area. He has worked closely with Mr. Goosey in training and education programs. He submitted information to the committee on the geothermal systems (Exhibit #6).

Jim Jensen, Montana Environmental Information Center, spoke in support of the bill. He noted the incentives are taxed, a concern that some people have expressed when they have considered purchasing the heat pump.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

Senator Harp said the bill enacts a tax credit and he wondered what would happen if the legislature passed a flat tax.

Denis Adams replied he would have to research the offset and flat tax possibility.

Senator Yellowtail asked for clarification of the "open" and "closed" loop application.

Mr. Goosey explained the closed loop is an underground source and the open loop utilizes open water.

Senator Gage said there may be a problem in that this heat source is realistically only available to those who own their own home. It would be prohibitively expensive for owners of rental units to install and certainly renters, themselves, would not invest in that system.

Closing by Sponsor:

Senator Williams said this project will cost some money at the beginning, but the savings certainly will offset that cost. Northwest power use has grown 4% per year for the last 3 years. The power surplus of the '80's is gone and new power sources must be developed. He urged the committee to give serious consideration to the bill.

HEARING ON HOUSE BILL 313Presentation and Opening Statement by Sponsor:

Rep. McCaffree, District 27, sponsor, said the bill has been introduced at the request of the Montana Treasurers Association. The bill revises the procedures for issuance of a tax deed. If the county takes a tax deed, it must notify all interested parties. When an individual takes tax deed, he must notify all interested parties. If he fails to do so, the County Treasurer must complete the notification and then charge the individual \$500. The \$500 is often uncollectible and results in claim against the tax title. The bill relieves the Treasurers of the obligation of notifying the interested parties if the individual who took tax title does not complete the notification.

Proponents' Testimony:

Court Harrington, Montana Treasurers Association, said this creates an obligation to follow through with procedures when you take a tax assignment. If you do not complete the process, then the interest in the tax assignment is lost.

Opponents' Testimony:

There were no opponents.

Questions from Committee Members:

There were no questions.

Closing by Sponsor:

Rep. McCaffree said this bill is another attempt to streamline the process and make it easier to apply to current tax deed assignments.

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 3/11/91

LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN	X		
SEN. DOHERTY	X		
SEN. GAGE	✓		
SEN. HARP	X		
SEN. KOEHNKE	X		
SEN. THAYER	X		
SEN. TOWE	✓		
SEN. VAN VALKENBURG	X		
SEN. YELLOWTAIL	X		

Each day attach to minutes.

Libby air quality below new federal standards

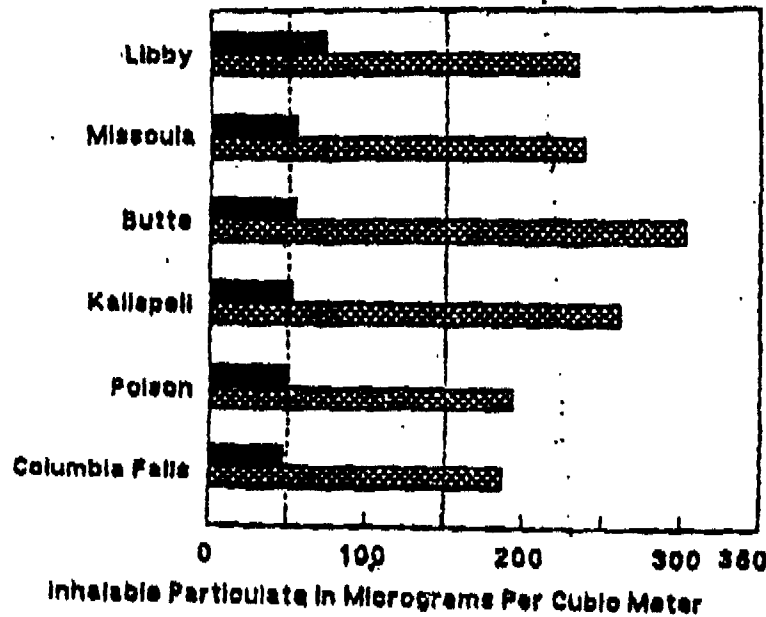
Eight Montana communities are in violation of new state and federal air quality standards for particulates.

According to the Montana Department of Health and Environmental Sciences, the communities include Libby, along with Columbia Falls, Kalispell, Polson, Ronan, Missoula, Butte and Lame-Deer. Although Columbia Falls was not originally on the Environmental Protection Agency's (E.P.A.) list, it is now considered in violation of the standards based on recent air monitoring data.

The new federal particulate matter standards are based on inhalable particulates (particles in the air with a diameter less than 10 micrometers in size) instead of the old total particulate matter

standard. The 'PM-10' standards became effective on July 31, 1987 and establish a maximum 24-hour concentration of 150 micrograms per cubic meter — not to be exceeded more than once per year — and a maximum annual average of 50 micrograms per cubic meter.

In establishing the new PM-10 standards, EPA reviewed extensive scientific research comparing atmospheric particulate concentrations with human health effects. The result was a standard based on particles with a diameter of less than 10 micrometers (approximately 1/10th the thickness of a human hair). These fine particles are capable of penetrating deep into the oxygen-exchanging areas of the lungs and are considered to be the most dangerous.



Kootenai Valley Eagle-Libby, Mt. E.P., October 28, 1988-11

FIGURE 42

SENATE TAXATION

EXHIBIT NO. 7

DATE 3/11/91

BILL NO. SB 416

LIBBY PM-10 SOURCE APPORTIONMENT

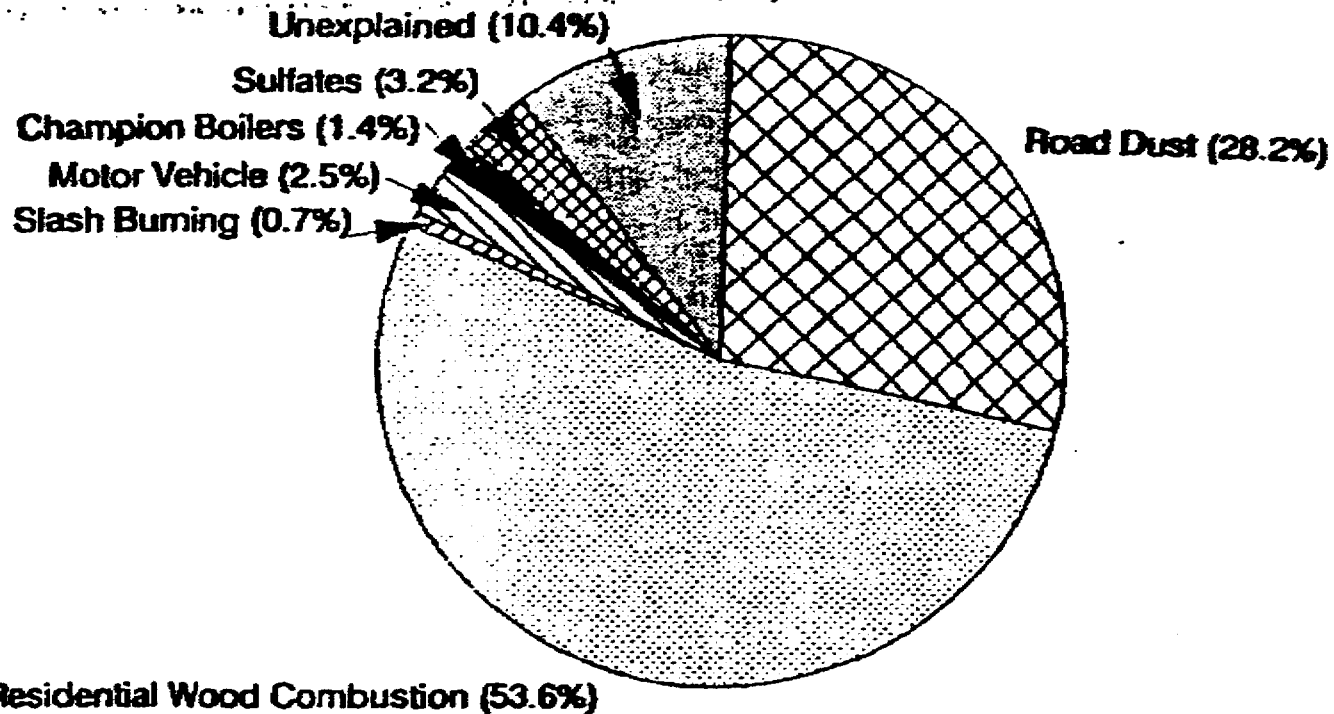
Total Contribution (0-10 microns)

Courthouse Parking Lot

December 1, 1987 - February 17, 1988

and December 26, 1988

(Winter Average 82.1 ug/m³)



Comparative Fuel Prices

Kalispell Area - 1991

Fuel Type	Heating Value *	Fuel Cost	Cost/therm	Appliance	Efficiency	Cost/therm ** Usable Heat
Electricity	.0341 therms / kWh	\$.042 / kWh	\$1.23	Ground Source Heat Pump	3.5 COP ***	35¢
Wood	170 therms / cord	\$50.00 / cord	29¢	High Efficiency Wood Stove	74%	40¢
Natural Gas	9.3 therms / mcf	\$3.456 / mcf	37¢	Hi-range Furnace	90%	41¢
Natural Gas	9.3 therms / mcf	\$3.456 / mcf	37¢	Mid-range Furnace	80%	46¢
Wood	170 therms / cord	\$50.00 / cord	29¢	Conventional Stove	50%	59¢
Natural Gas	9.3 therms / mcf	\$3.456 / mcf	37¢	Conventional Furnace	60%	62¢
Wood Pellets	184 therms / ton	\$110 / ton	60¢	Pellet Stove	82%	73¢
Propane	.95 therms / gallon	\$.959 / gallon	\$1.01	Hi-range Furnace	90%	\$1.12
Electricity	.0341 therms / kWh	\$.042 / kWh	\$1.23	Baseboard Heaters	100%	\$1.23
Propane	.95 therms / gallon	\$.959 / gallon	\$1.01	Mid-range Furnace	80%	\$1.26
Propane	.95 therms / gallon	\$.959 / gallon	\$1.01	Conventional Furnace	60%	\$1.68
Wood	170 therms / cord	\$50.00 / cord	29¢	Fireplace	15%	\$1.96

*NOTE: 1 therm = 100,000 btu's

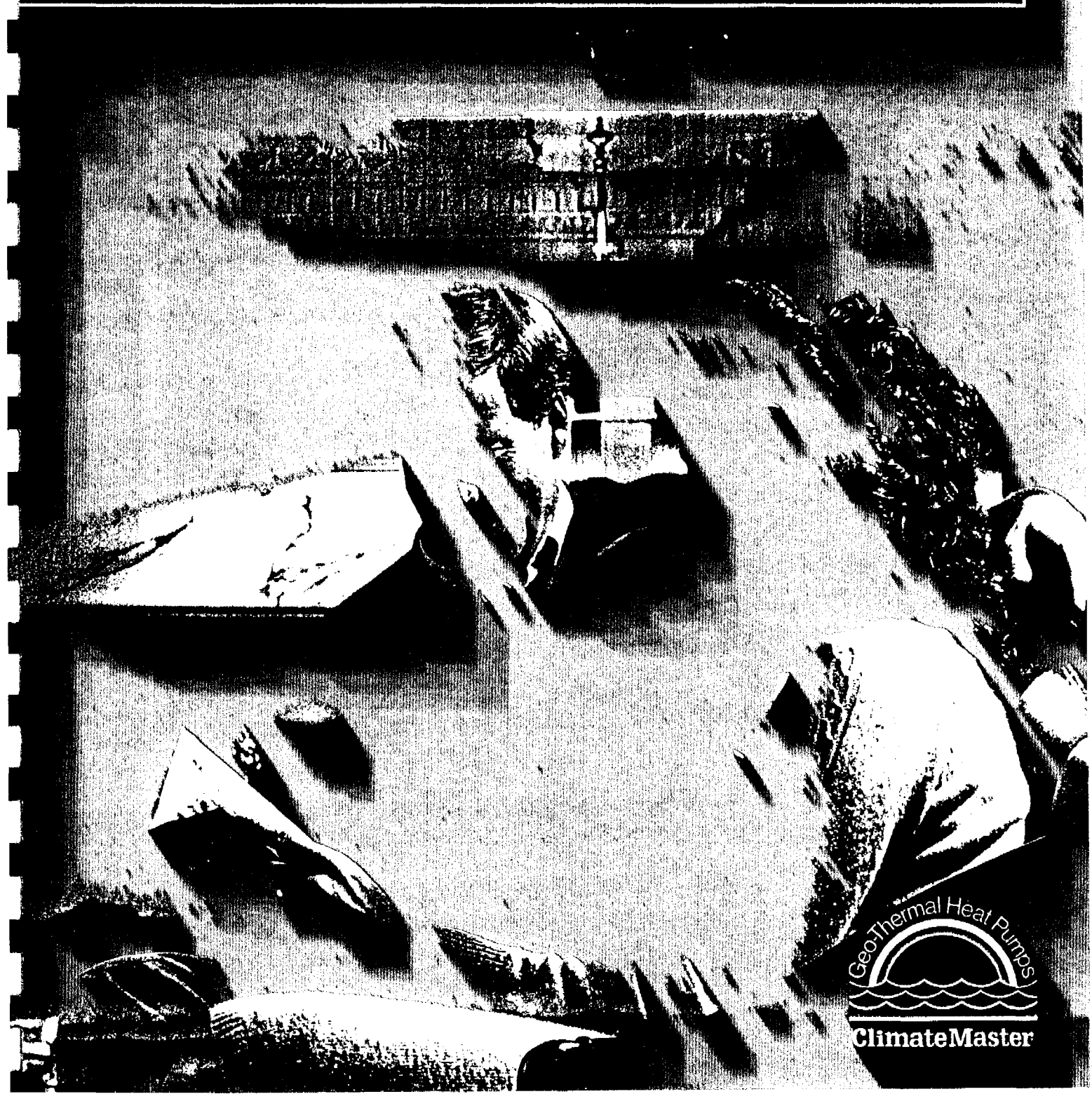
** Cost per therm prices reflect only the fuel cost and efficiency of the heating unit. They do not include maintenance or cleaning costs, or initial price of the heating unit.

*** COP refers to Coefficient Of Performance - the measure of a heat pump's efficiency. A 3.5 COP equals 350% efficiency.

SEMPLE TAXATION
EXHIBIT NO. 5
DATE 3/11/91
BILL NO. 58 416

Tap Into Nature's Energy Source For Total Heating And Cooling Comfort Year 'Round...

***Geo-Thermal™ Heat Pumps by Climate Master Cut Utility Costs
Using The Most Efficient Technology Available Today!***



There's A Perfect Heat Pump Installation

You can enjoy the comfort and economy of a Geo-Thermal™ Heat Pump in your home. The concept of drawing energy for heating and cooling from the earth is practical, clean and safe while costing far less to operate than conventional systems. Climate Master has pioneered this concept and designed systems that have been operating in every part of the country for over 40 years. If you're tired of high heating and cooling bills, turn to the natural comfort solution: a Geo-Thermal Heat Pump from Climate Master.

It's "A Natural" For Cutting Heating/Cooling Costs

Save both ways—heating and cooling—with a Geo-Thermal Heat Pump by Climate Master.

When you *heat* using nature's own energy source, your savings over the operation of conventional heating systems can be as great as 70%. Basically, the only energy cost you pay is the power it takes to pump water from a well or through the earth loop, and to operate a blower fan and compressor.

In *cooling*, the savings over other types of air conditioning units ranges between 25% to 50%. The comfort is total, and the cost is down year 'round.

More Savings In Operation

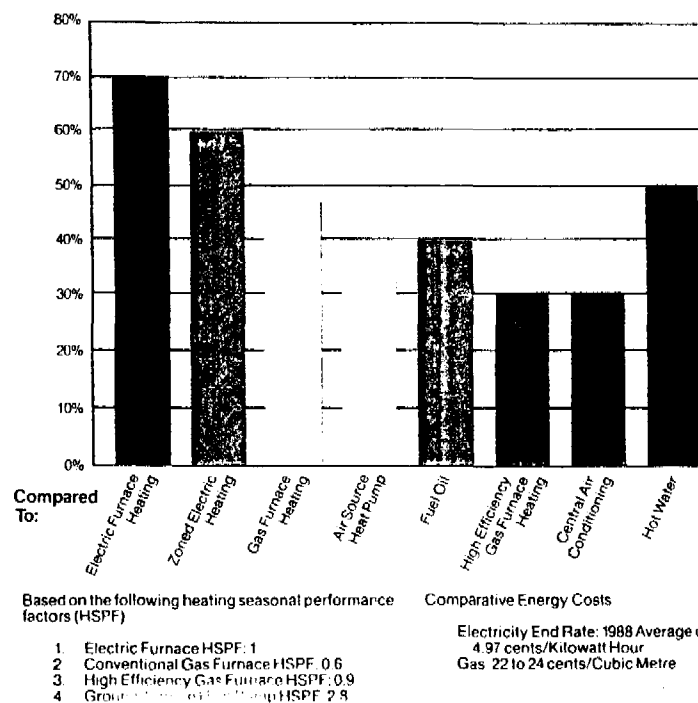
Geo-Thermal Heat Pumps by Climate Master are more economical from every angle. They are easy to install and easy to maintain. Rugged Climate Master construction keeps your unit in dependable running condition for years of comfort at top efficiency. The required unit doesn't take any abuse from weather extremes, either. It's located completely indoors, resulting in extended equipment life.

Clean As Electricity Without The High Cost

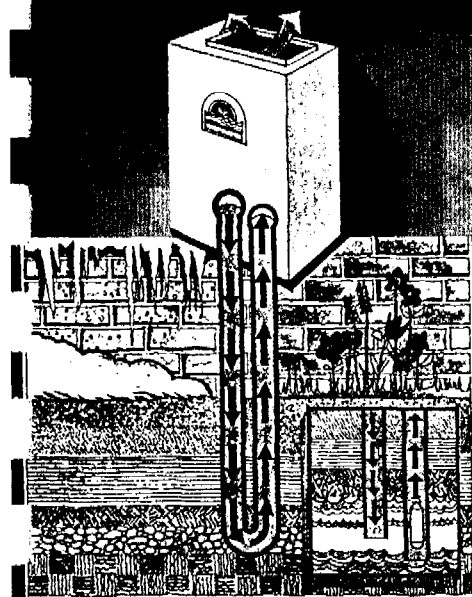
A Geo-Thermal Heat Pump circulates clean indoor air with no pilot lights, no burners—no flame at all. Since these attractively designed units are installed indoors, venting is not necessary, and there is no loss of heat to the outside. Safety is enhanced because there are no pilot lights, burners or flames in the system. Your home's interior stays cleaner because the Geo-Thermal Heat Pump produces no waste by-products normally associated

with fossil-fuel heating systems. Your home's exterior and landscaping are not marred by unsightly outside units that are subject to damage by harsh weather. They are amazingly efficient as well, with EERs as high as 15.0 when cooling and COPs as high as 3.98 when heating. The energy that is used is made to yield maximum results. From every perspective, a Geo-Thermal Heat Pump by Climate Master provides total comfort at substantial savings over older, conventional methods. It is the proven technology of today.

Geo-Thermal™ Heat Pump Cost Savings



Geo-Thermal ation For Your Home...



The Working Concept Is Simple And Proven

The Geo-Thermal Heat Pump works much the same as an air conditioner or air-source heat pump. The difference is that a constant temperature water is the primary source for heating and cooling—instead of varying air temperatures as in conventional systems.

Earth And Water Beneath Your Home Are The Source

The ground and water beneath your home remains at a constant temperature year round... typically 45 to 75 degrees... depending on your geographical location. When heating, the Geo-Thermal Heat Pump circulates water coming from the earth and uses it as a heat source. Heat is extracted from the water and transferred to a refrigerant supply. The refrigerant is then compressed to a higher temperature. When air is passed over the hot coils it becomes hot and then moves on to warm the air in your home. When cooling, heat is removed from your home to the refrigerant, exchanged to the outside water, and expelled into the earth.

There's A Geo-Thermal Heat Pump Designed To Fit Inside Your Home

Climate Master offers a large range of Geo-Thermal Heat Pump capacities to fit the needs of virtually every size and style of home. Most houses require just one unit. Square footage or layout may dictate the use of more. However, whether in a northern or southern location, there is a Geo-Thermal Heat Pump system that offers home owners high EER* and COP* ratings.

Climate Master units are available in three basic styles: horizontal, vertical and split system models. The versatility of these compact units permits installation almost anywhere—in basements, utility rooms, attics, crawl spaces, closets, or even concealed in ceilings. As long as the space is temperature controlled and no cold extremes occur in the winter months, a Geo-Thermal Heat Pump can be put to work effectively.

Vertical, Down Flow, and Horizontal Models are available in various capacities up to 5 tons of heating/cooling. (60,000 Btu/Hr.)

* EER is the ratio of cooling capacity in BTUs per Hour (BTUH) compared to the watts of electricity used. COP is the ratio of heating capacity in BTUH to the input watts expressed in BTUH (3.413 BTUs per watt).



Climate Master Quality

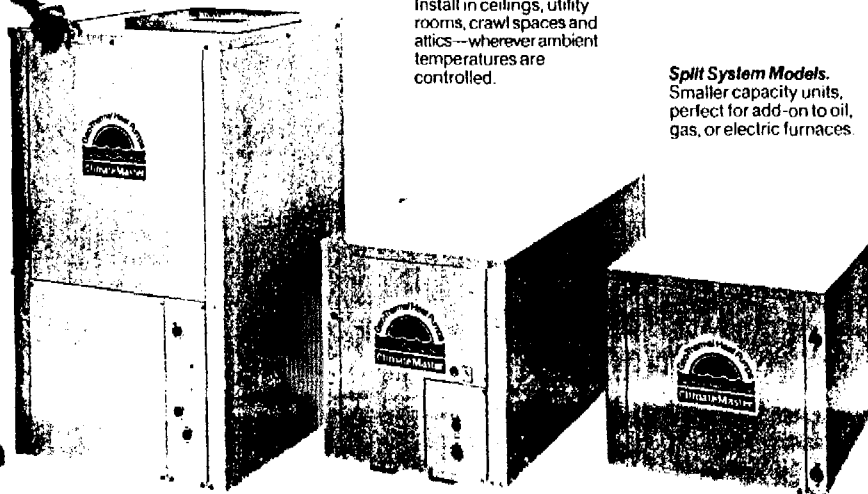
Every unit is ruggedly built from the highest quality materials and components, then subjected to rigorous testing at the factory. The Climate Master record of performance and durability assures you of years of comfort with little or no maintenance.

Vertical Models. Available in many sizes, this unit is ideal for basement, utility room or closet installation for where ducting is below the floor.

Down Flow Models. Vertical units designed for where ducting is below the floor.

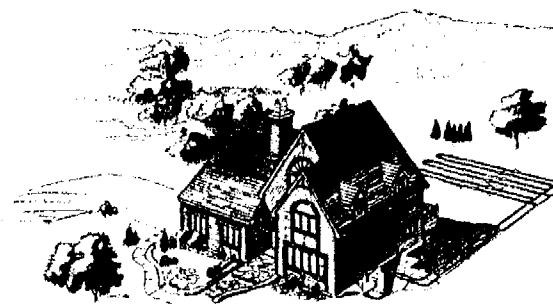
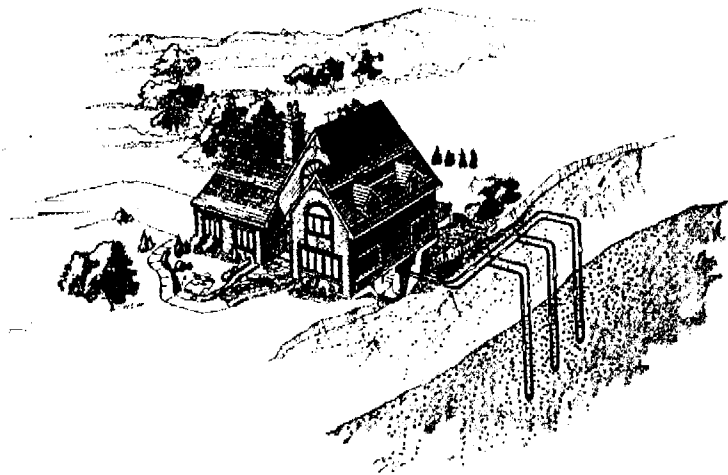
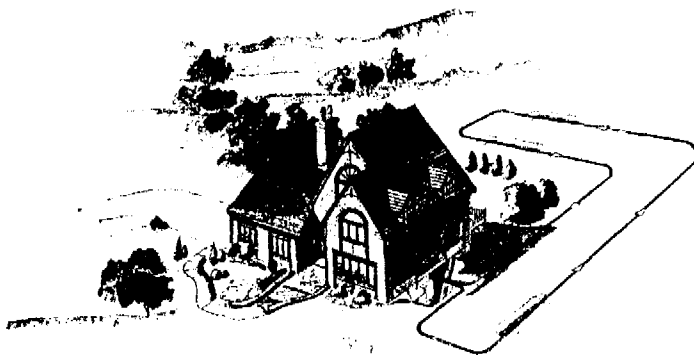
Horizontal Models. Install in ceilings, utility rooms, crawl spaces and attics—wherever ambient temperatures are controlled.

Split System Models. Smaller capacity units, perfect for add-on to oil, gas, or electric furnaces.

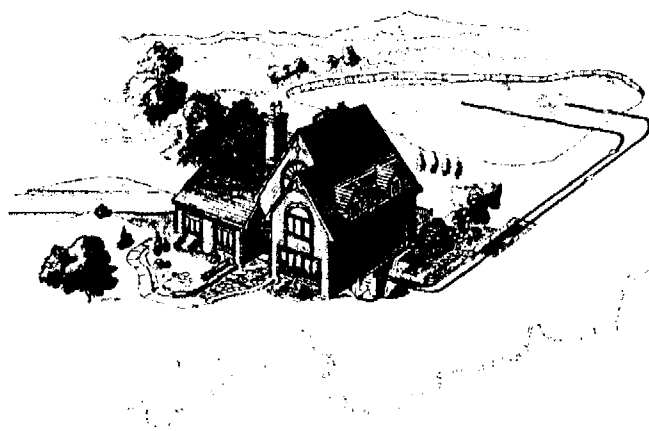


Choose From Two Efficient, Proven Systems

Outside your home, two types of Geo-Thermal Heat Pump systems are available. Each uses the same principle of drawing energy from the earth to provide ideal indoor temperatures at a far lower cost than typical heating/cooling equipment. Both offer the advantages of total heating, cooling, air circulation, air filtration and dehumidification for your home.



Closed Loop System. To capture the constant temperatures stored below the earth's surface, water (sometimes treated with a non-freezing solution) is recirculated through special pipe installed in the ground, using the warmer earth temperature during the winter, and transferring heat to the cooler earth temperature in the summer.



Ground Water System. To retrieve the even temperatures stored in the earth, ground water is pumped to the Geo-Thermal Heat Pump. In the winter, the water supplies a constant heat source much higher than low temperature outdoor air. In the summer, the same temperature water is much cooler than the air on hot days, providing for more efficient removal of heat.

For more information, contact your local Geo-Thermal[®] Heat Pump dealer:

THE GEO-THERMAL™ HEAT PUMP SYSTEM

TYPICAL GEO-THERMAL™ CLOSED LOOP SYSTEMS

STATE TAXATION

ENTRY NO. 6

DATE 3/11/91

BILL NO. SB 46

THE GEO-THERMAL™ HEAT PUMP SYSTEM MAY BE INSTALLED IN A CLOSET, ATTIC, EQUIPMENT ROOM OR BASEMENT.

TYPICAL VERTICAL
CLOSED LOOP
HEAT EXCHANGER

CONSTANT
EARTH
TEMPERATURE

HEAT REJECTED
WHEN COOLING

HEAT ABSORBED
WHEN HEATING

FLUID
FLOW
PATH

FOR MORE INFORMATION CONTACT:

POLYBUTYLENE OR
POLYETHYLENE HEAT
EXCHANGER - BORES ARE
4" DIAMETER MINIMUM, 10
FOOT MINIMUM SPACING

NO OUTDOOR EQUIPMENT

NO HAZARDOUS FLAMES OR FUMES

REDUCED FREE HOT WATER COSTS

ClimateMaster®

GEO-THERMAL™ HEAT PUMP SYSTEMS



ClimateMaster®

THE GEO-THERMAL™ HEAT PUMP SYSTEM

HIGH TECH. The latest high tech, high performance system that is revolutionizing the way we heat and cool our homes.

The ClimateMaster Geo-Thermal™ Heat Pump System is the latest high performance home environment system available and has established itself as the best system value for many reasons. It provides:

- Extremely high efficiency
- Low operating cost
- No outdoor equipment
- Longer equipment life
- Energy conservation
- Virtually free hot water
- Low maintenance costs
- No hazardous flames or fumes
- Clean operation
- Excellent return on investment

GEO-THERMAL. Borrowing the heat energy from the earth to heat and cool our homes.

The ClimateMaster Geo-Thermal™ Heat Pump System is an electrically powered device that uses the natural heat stored in the earth. The system simply moves heat from one place to another. By tapping the free geothermal heat stored within the earth under your own backyard, the System transfers the heat into your home to give you comfortable warm air in the winter.

In the summer the heat moving process is reversed, taking the heat out of your home and returning it to the earth, leaving your home cool and refreshingly comfortable.

HEAT EXCHANGER. Opening the door to free geothermal energy.

The ClimateMaster Geo-Thermal™ Heat Pump System collects heat from fluid that is circulated through a special "closed loop" pipe "heat exchanger" buried in the earth. Through extensive research by The Shell Oil Company and Phillips Petroleum Company, the pipe resins "Polybutylene" and "Polyethylene" were developed. These long life high density resins made the "heat exchanger" possible. They are the key to unlocking the earth's energy resources - free geothermal energy found in your own backyard.

SUBSTANTIAL SAVINGS. Savings up to 65% on your total heating, cooling and hot water costs.

Did you know that heating and cooling your home and your hot water requirements make up approximately 70% of your utility consumption? The ClimateMaster Geo-Thermal™ Heat Pump System can substantially reduce your operating costs in all three areas.

Proven savings up to: 70% on domestic hot water - - - - - 65% on heating - - - - - 35% on cooling

SAFETY FIRST. Simply the safest heating and cooling system available.

NO vents NO flames NO fumes

CLIMATEMASTER GEO-THERMAL™ HEAT PUMP SYSTEMS

7300 S.W. 44th Street • Oklahoma City, OK 73179 • (405) 745-6000 • FAX (405) 745-6058

3/11/91

Senate Taxation

SB 378 SB 416 HB 313 HB 481

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretary)

MINUTES

**MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, Chairman, on March 12, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

Mike Halligan, Chairman (D)
Dorothy Eck, Vice Chairman (D)
Robert Brown (R)
Steve Doherty (D)
Delwyn Gage (R)
John Harp (R)
Francis Koehnke (D)
Gene Thayer (R)
Thomas Towe (D)
Van Valkenburg (D)
Bill Yellowtail (D)

Members Excused: None

Staff Present: Jeff Martin (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: None

HEARING ON HOUSE BILL 262

Presentation and Opening Statement by Sponsor:

Rep. Harrington, District 68, sponsor, said the bill affects approximately 4 counties in terms of loss of taxable value resulting from reducing the tax rate on personal property in HB 20 during the 1989 special session. The bill affects salaries of elected people, the number of mills that can be levied, and the overall level of indebtedness associated with issuing bonds. There is an artificial reduction in the bill that needs to be mitigated.

Senator Towe moved to adopt the amendments and included in his motion an amendment to page 5, line 11, striking "reduced" and inserting "not allowed".

The amendments CARRIED unanimously with Senators Van Valkenburg, Brown, Halligan, and Doherty absent presenting bills in other committees.

Recommendation and Vote:

Senator Gage moved SB 341 Do Pass As Amended.

The motion CARRIED with Senators Van Valkenburg, Brown, Halligan, and Doherty absent presenting bills in other committees.

EXECUTIVE ACTION ON SENATE BILL 359

Discussion:

Senator Gage said he has asked to have the following provisions inserted in the Governor's bill which addresses credits for physicians who practice in Montana. He said these provisions should be inserted in this bill also. The credits would be extended by requiring full repayment of the credit if the physician leaves the state in the 4th year, \$10,000 repayment if he/she leaves in the 3rd year, \$5000 repayment if they leave in the 6th year, and no repayment if they stay through the 7th years. Senator Gage said it occurred to him to see if the same provisions should apply to the WAMI program. The committee deferred action on the bill in order for Senator Gage to research other legislation.

EXECUTIVE ACTION ON SENATE BILL 416

Recommendation and Vote:

Senator Harp moved SB 416 Do Not Pass. He said there are already private sector incentives for geothermal devices. He felt those people who can afford heat pumps really do not need the credit.

The motion CARRIED on a roll call vote.

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 3/12/91

52nd LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN	X		
SEN. DOHERTY	X		
SEN. GAGE	X		
SEN. HARP	X		
SEN. KOEHNKE	X		
SEN. THAYER	X		
SEN. TOWE	X		
SEN. VAN VALKENBURG	X		
SEN. YELLOWTAIL	X		

Each day attach to minutes.

ROLL CALL VOTE

SENATE COMMITTEE ON TAXATION

Date 3/17/91 Senate Bill No. 416 Time

NAME	YES	NO
SEN. HALLIGAN	X	
SEN. BROWN		X
SEN. ECK		X
SEN. GAGE	X	
SEN. VAN VALKENBURG	X	
SEN. HARP	X	
SEN. YELLOWTAIL	X	
SEN. THAYER	X	
SEN. TOWE		X
SEN. KOEHNKE		X
SEN. DOHERTY		

Bill Robinson
Secretary

Senator Mike Halligan
Chairman

Motion: By Senator Haggard that SB 416
do not Pass

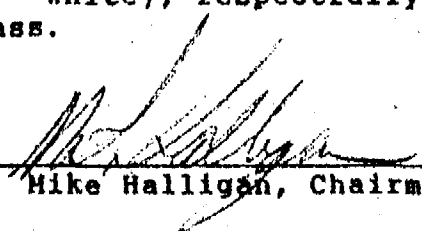
SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 12, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 416 (first reading copy -- white), respectfully report that Senate Bill No. 416 do not pass.

Signed: _____


Mike Halligan, Chairman

LB 3/12/91
Amd. Coord.

SB 3/2 11:20
Sec. of Senate

TAXATION (Halligan, Chairman): 3/12/91

HB 137, be concurred in. Report adopted.

HB 262, be concurred in. Report adopted.

Adverse Committee Report

TAXATION (Halligan, Chairman): 3/12/91

SB 416, do not pass. Adverse committee report adopted as follows:

Yeas: Aklestad, Anderson, Beck, Blaylock, Burnett, Crippen, Devlin, Farrell, Fritz, Gage, Grosfield, Hager, Hammond, Harding, Harp, Keating, Noble, Pinsoneault, Pipinich, Rye, Stimatz, Svrcek, Thayer, Tveit, Van Valkenburg, Waterman, Mr. President.

Total 27

Nays: Bengtson, Bianchi, Brown, Bruski, Doherty, Franklin, Halligan, Hockett, Jergeson, Kennedy, Koehnke, Lynch, Nathe, Rea, Swift, Towe, Vaughn, Weeding, Williams, Yellowtail.

Total 20

Absent or not voting: Eck, Jacobson.

Total 2

Excused: Manning.

Total 1

REPORTS OF SELECT COMMITTEES

Conference Committee
on Senate Bill No. 66
Report No. 1, March 8, 1991

Mr. President and Mr. Speaker:

We, your Conference Committee on Senate Bill 66, met and considered on March 8, 1991:

1. House Committee on Human Services and Aging amendments to the third reading copy, dated February 11, 1991; and
2. House Committee of the Whole amendments to the third reading copy, dated February 13, 1991.

We recommend that Senate Bill 66 (reference copy - salmon as amended) be amended as follows:

1. Page 6, line 7.

Following: "PITOCIN"

Insert: ", provided that the naturopathic physician may administer but may not prescribe or dispense oxytocin (pitocin)"

HB 543, introduced by Darko
HB 629, introduced by McCulloch
HB 732, introduced by Cohen
HB 757, introduced by Kadas

MOTIONS

HB 472 - Senator Van Valkenburg moved that the Senate pass consideration of HB 472 this legislative day. Motion carried unanimously.

SB 416 - Senator Williams moved that the Senate reconsider its action of adopting the adverse committee report on SB 416 the previous legislative day and place it on second reading the next legislative day. Motion carried as follows:

Yeas: Aklestad, Anderson, Bengtson, Bianchi, Blaylock, Brown, Bruski, Burnett, Crippen, Doherty, Eck, Franklin, Grosfield, Halligan, Hammond, Hockett, Jacobson, Jergeson, Kennedy, Koehnke, Nathe, Noble, Pipinich, Rea, Rye, Stimatz, Svrcek, Swift, Towe, Tveit, Vaughn, Waterman, Weeding, Williams, Yellowtail, Mr. President.

Total 36

Nays: Beck, Devlin, Farrell, Fritz, Gage, Hager, Harding, Harp, Keating, Lynch, Pinsonneault, Thayer, Van Valkenburg.

Total 13

Absent or not voting: None.

Total 0

Excused: Manning.

Total 1

FIRST READING AND COMMITMENT OF BILLS

The following bills were introduced, read first time, and referred to committees:

SB 464, introduced by Gage (by request of the Senate Taxation Committee), referred to Committee on Taxation

SB 465, introduced by Waterman, referred to Committee on Taxation

HB 131, introduced by Brooke, Gage, Ream, Barnhart, Cody, O'Keefe, Yellowtail, Darko, Svrcek, Wanzonried, Grady, J. Rice, Doherty, Gervais, and Russell, referred to Committee on Judiciary

HB 146, introduced by Wanzonried, Bardanouve, Peck, and Dowell, referred to Committee on Finance and Claims

HB 441, introduced by Pavlovich and Daily, referred to Committee on Taxation

HB 543, introduced by Darko, Peterson, Vaughn, Raney, Brooke, Wyatt, Russell, Gilbert, R. Johnson, Mercer, Cocchiarella, Kimberley, J. Rice, and Messmore, referred to Committee on Taxation

HB 629, introduced by McCulloch, Ellis, Jergeson, Blaylock, Wallin, Benedict, Keating, Phillips, R. DeBruycker, Thomas, Driscoll, Dowell, Scott,

3-14-91

MESSAGES FROM THE GOVERNOR

The Honorable Joseph P. Mazurek
President
Montana State Senate
State Capitol
Helena, Montana 59620

Dear President Mazurek:

Please be informed that I have signed **Senate Bill 90** on March 14, 1991.

Sincerely,

STAN STEPHENS
Governor

MOTIONS

SB 416 - Senator Williams moved that the Senate pass consideration of SB 416 on second reading this legislative day and place it on second reading the next legislative day. Motion carried unanimously.

**SECOND READING OF BILLS
(COMMITTEE OF THE WHOLE)**

Senator Van Valkenburg moved that the Senate resolve itself into a Committee of the Whole for consideration of business on second reading. Motion carried. Senator Bianchi in the Chair.

Mr. President: We, your Committee of the Whole, having had under consideration business on second reading, recommend as follows:

SB 274 - Senator Tveit moved that SB 274 be amended as follows:

1. Page 2, lines 3 and 4.

Strike: "legislature shall appropriate the money in the account to the"

2. Page 2, line 4.

Strike: "to be used"

Insert: "is authorized to administer, as provided in [sections 1 through 3], the special railroad facilities account created in [section 2] to provide"

3. Page 2, lines 15 and 16.

Strike: ":

(1)"

4. Page 2, lines 16 through 19.

Following: "act]" on line 16

Strike: remainder of line 16 through "act]" on line 19

Amendment adopted unanimously.

March 15, 1991

MOTIONS

SB 416 - Senator Williams moved that the Senate pass consideration of SB 416 this legislative day and place it on second reading the next legislative day. Motion carried.

HB 819 - Senator Van Valkenburg moved that HB 819 be placed at the top of the second reading board this legislative day. Motion carried.

FIRST READING AND COMMITMENT OF BILLS

The following bills were introduced, read first time, and referred to committees:

SB 466, introduced by B. Brown, Bradley, Halligan, Clark, Koehnke, Tveit, R. DeBruycker, Foster, Crippen, Thomas, and Fagg (by request of the Governor), referred to Committee on Taxation

SR 8, introduced by Vaughn (by request of the Committee on State Administration), referred to Committee on State Administration

SR 9, introduced by Vaughn (by request of the Committee on State Administration), referred to Committee on State Administration

HB 164, introduced by Cobb (by request of the Department of Fish, Wildlife, and Parks), referred to Committee on Finance and Claims

HB 423, introduced by Kadas, referred to Committee on Finance and Claims

HB 558, introduced by Ream and B. Brown, referred to Committee on Taxation

HB 651, introduced by Harrington, referred to Committee on Business and Industry

HB 742, introduced by Wanzenried, referred to Committee on Business and Industry

HB 813, introduced by O'Keefe, Thoft, McCarthy, McCaffree, and Cobb, referred to Committee on Local Government

HB 833, introduced by Lee, B. Brown, Kennedy, Connelly, Mercer, Measure, Dowell, Harding, and Wanzenried, referred to Committee on Fish and Game

HB 897, introduced by Zook, Guilici, Peterson, Fritz, Stimatz, and Tveit (by request of the House Appropriations Subcommittee on General Government), referred to Committee on Finance and Claims

HJR 24, introduced by Ream and B. Brown (by request of the Revenue Oversight Committee), referred to Committee on Taxation

**SECOND READING OF BILLS
(COMMITTEE OF THE WHOLE)**

Senator Van Valkenburg moved that the Senate resolve itself into a Committee of the Whole for consideration of business on second reading. Motion carried. Senator Keating in the Chair.

Mr. President: We, your Committee of the Whole, having had under consideration business on second reading, recommend as follows:

HB 819 - Senator Franklin moved that HB 819 be concurred in. Motion carried with Senator Bruski voting nay.

March 16, 1991

Pinsonneault, Pipinich, Rea, Stimatz, Svrcek, Thayer, Towe, Tveit, Van Valkenburg, Vaughn, Weeding, Williams, Yellowtail, Mr. President.

Total 37

Nays: Aklestad, Burnett, Devlin, Gage, Grosfield, Hager, Hammond, Keating, Noble, Rye, Swift.

Total 11

Absent or not voting: Waterman.

Total 1

Excused: Manning.

Total 1

SB 416 - Senator Williams moved that SB 416 do pass. Motion failed as follows:

Yeas: Aklestad, Bengtson, Bianchi, Brown, Burnett, Doherty, Eck, Fritz, Hockett, Jergeson, Kennedy, Koehnke, Nathe, Rea, Rye, Swift, Vaughn, Waterman, Weeding, Williams.

Total 20

Nays: Anderson, Beck, Bruski, Crippen, Devlin, Farrell, Franklin, Gage, Grosfield, Hager, Halligan, Hammond, Harding, Harp, Jacobson, Keating, Lynch, Noble, Pinsonneault, Pipinich, Stimatz, Svrcek, Thayer, Towe, Tveit, Van Valkenburg, Yellowtail, Mr. President.

Total 28

Absent or not voting: Blaylock.

Total 1

Excused: Manning.

Total 1

Senator Van Valkenburg moved that SB 416 be indefinitely postponed. Motion carried as follows:

Yeas: Anderson, Beck, Bruski, Crippen, Devlin, Eck, Farrell, Franklin, Gage, Hager, Halligan, Hammond, Harding, Harp, Jacobson, Keating, Lynch, Noble, Pinsonneault, Pipinich, Stimatz, Svrcek, Thayer, Towe, Tveit, Van Valkenburg, Yellowtail, Mr. President.

Total 28

Nays: Aklestad, Bengtson, Bianchi, Brown, Burnett, Doherty, Fritz, Grosfield, Hockett, Jergeson, Kennedy, Koehnke, Nathe, Rea, Rye, Swift, Vaughn, Waterman, Weeding, Williams.

Total 20

Absent or not voting: Blaylock.

Total 1

Excused: Manning.

Total 1

MOTIONS

Senator Van Valkenburg moved that the Senate stand in recess until 2:55 p.m. this legislative day.

Senate recessed at 2:45 p.m.

Senate reconvened at 3:02 p.m.

SB 416 - Senator Williams moved that the Senate reconsider its action of indefinitely postponing SB 416 the previous legislative day. Motion carried as follows:

Yeas: Beck, Bengtson, Bianchi, Blaylock, Brown, Bruski, Burnett, Doherty, Eck, Franklin, Fritz, Grosfield, Halligan, Harp, Hockett, Jergeson, Kennedy, Koehnke, Lynch, Nathe, Noble, Pinsoneault, Pipinich, Rea, Rye, Stimatz, Svrcek, Swift, Towe, Vaughn, Waterman, Weeding, Williams, Yellowtail, Mr. President.

Total 35

Nays: Aklestad, Anderson, Crippen, Devlin, Farrell, Gage, Hammond, Harding, Jacobson, Keating, Thayer, Tveit, Van Valkenburg.

Total 13

Absent or not voting: Hager.

Total 1

Excused: Manning.

Total 1

SB 416 - Senator Williams moved that SB 416 be taken from second reading the fifty-ninth legislative day and be rereferred to the Committee on Taxation. Motion carried.

REPORTS OF STANDING COMMITTEES

BUSINESS AND INDUSTRY (Lynch, Chairman):

3/18/91

HB 169, third reading copy, be amended as follows:

1. Page 11, line 7.

Strike: "1993"

Insert: "1995"

And, as amended, be concurred in. Report adopted.

HB 203, be concurred in. Report adopted.

HB 209, third reading copy, be amended as follows:

1. Title, line 5.

Following: "VEHICLE"

Insert: ", BOAT, SNOWMOBILE, OR OFF-HIGHWAY VEHICLE"

MINUTES

MONTANA SENATE 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, on March 23, 1991, at 6:45 a.m

ROLL CALL

Members Present:

Mike Halligan, Chairman (D)
Dorothy Eck, Vice Chairman (D)
Robert Brown (R)
Steve Doherty (D)
Delwyn Gage (R)
John Harp (R)
Gene Thayer (R)
Thomas Towe (D)
Fred Van Valkenburg (D)
Bill Yellowtail (D)

Members Excused:

Francis Koehnke (D)

Staff Present: Jeff Martin (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: None

EXECUTIVE ACTION ON SENATE BILL 412

Amendments, Discussion, and Votes:

Committee researcher Jeff Martin discussed the proposed amendments and "gray bill" (Exhibits #1 and #2). He said the majority of the amendments apply to the appeal and review process.

Senator Harp moved to adopt the amendments as per Exhibit #1 (see attached standing committee report for final form).

Mr. Woodgerd, Department of Revenue, referring to amendment #10, said it relates to the year 1993, which is the year before the new reappraised values go into effect. Two sessions ago the legislature established 1993 as the delay year. The new values from the reappraisal will be available then, but the one year

Senator Eck agreed, but said she did feel the lodging tax was the proper funding mechanism for the capital tours.

The motion that SB 411 Do Pass FAILED on a roll call vote (attached).

Senator Yellowtail moved SB 411 Do Not Pass. The motion CARRIED on a roll call vote (attached).

EXECUTIVE ACTION ON SENATE BILL 416

Discussion:

Senator Gage asked if the committee wanted to revise the credits in the bill as there is not enough time to have another hearing on the bill.

Senator Eck wondered if it should be put into the energy plan.

Senator Gage asked if it would be proper to table the bill.

Senator Harp asked if Senator Williams had proposed any amendments.

Senator Halligan replied Senator Williams had said he would be willing to cut the credit in half to \$1600 with \$400 per year the maximum credit that could be claimed for four years.

Senator Van Valkenburg suggested the best place to leave the bill is in the category of bills heard but not acted upon.

The committee agreed not to act on the bill at this time.

EXECUTIVE ACTION ON SENATE BILL 445

Amendments, Discussion, and Votes:

Senator Doherty moved to amend SB 445 as per the Bar Association amendments (Exhibit #3).

Dave Woodgerd, Department of Revenue, said these are all essentially clean-up amendments agreed to by the Tax and Probate Council of the State Bar and the Department of Revenue. The major change concerns lawsuits filed directly in District Court concerning taxes. The language concerning court and tax issues has been taken out for further study.

The motion to amend the bill CARRIED.

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 3/23/91

52nd LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	X		
SEN. ECK	X		
SEN. BROWN	X		
SEN. DOHERTY	X		
SEN. GAGE	X		
SEN. HARP	X		
SEN. KOEHNKE			X
SEN. THAYER	X		
SEN. TOWE	X		
SEN. VAN VALKENBURG	X		
SEN. YELLOWTAIL	X		

Each day attach to minutes.

MINUTES

**MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By Senator Mike Halligan, Chairman, on March 26, 1991, at 8:00 a.m.

ROLL CALL

Members Present:

Mike Halligan, Chairman (D)
Dorothy Eck, Vice Chairman (D)
Robert Brown (R)
Steve Doherty (D)
Delwyn Gage (R)
John Harp (R)
Gene Thayer (R)
Thomas Towe (D)
Fred Van Valkenburg (D)
Bill Yellowtail (D)

Members Excused:

Francis Koehnke (D)

Staff Present: Jeff Martin (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: None

EXECUTIVE ACTION ON SENATE BILL 454

Recommendation and Vote:

Senator Van Valkenburg moved SB 454 Do Pass.

The motion CARRIED unanimously.

EXECUTIVE ACTION ON SENATE BILL 353

Recommendation and Vote:

Senator Harp moved to Table SB 353.

Senator Van Valkenburg said he opposed tabling the bill. He said he would amend the bill to three cents if the motion to table fails.

The motion to Table SB 353 was left open for Senators to vote as they returned from presenting bills in other committees. Action on the bill was continued later in the meeting.

EXECUTIVE ACTION ON SENATE BILL 338

Amendments, Discussion, and Votes:

Senator Doherty moved to adopt the proposed amendments and gray bill (Exhibits #1 and #2).

The motion CARRIED unanimously.

Recommendation and Vote:

Senator Doherty moved SB 338 Do Pass As Amended.

The motion CARRIED with Senators Halligan and Van Valkenburg voting no.

EXECUTIVE ACTION ON SENATE BILL 446

Recommendation and Vote:

Senator Harp moved to Table SB 446.

Senators Gage, Halligan, Van Valkenburg, and Doherty voted no on the motion. The vote was left open until Senator Koehnke returned and could vote. (Final action is reflected in the minutes of March 27).

EXECUTIVE ACTION ON SENATE BILL 416

Senator Towe moved to amend the bill to reflect a one time credit of \$400. The motion CARRIED on a roll call vote (attached).

Recommendation and Vote:

Senator Towe moved SB 416 Do Pass As Amended.

The motion CARRIED on a roll call vote (attached).

HEARING ON SENATE BILL 468

Presentation and Opening Statement by Sponsor:

Senator Gage, District 5, said the bill was introduced at the request of the Taxation Committee and adds the language in the title that conforms the administration of the local government severance tax to the state severance tax. He reviewed the bill for the committee. The bill includes definitions of gross taxable value for the purpose of computing state severance tax and gross taxable value for the purpose of computing local government severance tax. One is the total sale value and the other is the sale value less royalty. The bill generally deals with "housekeeping" measures dealing with tertiary production, definitions, and changes in statutory language due to the change from net proceeds tax to flat tax.

Proponents' Testimony:

Denis Adams, Director, Department of Revenue, expressed support for the bill, saying it is a general clean-up of the statutes and necessary for the smooth operation of the severance tax provisions of the law.

Opponents' Testimony:

There were no opponents.

Questions From Committee Members:

There were no questions.

Closing by Sponsor:

Senator Gage closed.

HEARING ON HOUSE BILL 334

Presentation and Opening Statement by Sponsor:

Rep. Swysgood, District 73, said the bill revises the taxation of certain livestock and allows the livestock owner to pay taxes on a prorated basis for livestock moved interstate

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 2/1

LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	✓		
SEN. ECK			
SEN. BROWN	✓		
SEN. DOHERTY	✓		
SEN. GAGE	✓		
SEN. HARP	✓		
SEN. KOEHNKE	✓		✓
SEN. THAYER	✓		
SEN. TOWE	✓		
SEN. VAN VALKENBURG	✓		
SEN. YELLOWTAIL			

Each day attach to minutes.

ROLL CALL VOTE

SENATE COMMITTEE ON TAXATION

Date 3/26/91 Senate Bill No. 446 Time

NAME	YES	NO
SEN. HALLIGAN	X	
SEN. BROWN	X	
SEN. ECK		
SEN. GAGE		X
SEN. VAN VALKENBURG		X
SEN. HARP		X
SEN. YELLOWTAIL		
SEN. THAYER	✓	
SEN. TOWE	✓	
SEN. KOEHNKE		
SEN. DOHERTY	X	

Bill R. Hogan
Secretary

Senator Mike Halligan
Chairman

Motion: by Senator Hogan to amend SB 446
with a one time 40% credit
(corporate credit rate)

ROLL CALL VOTE

SENATE COMMITTEE ON TAXATION

Date 3/26/91 SB Bill No. 916 Time

NAME	YES	NO
SEN. HALLIGAN	X	
SEN. BROWN	X	
SEN. ECK	X	
SEN. GAGE		X
SEN. VAN VALKENBURG		X
SEN. HARP		X
SEN. YELLOWTAIL	X	
SEN. THAYER	X	
SEN. TOWE	X	
SEN. KOEHNKE		
SEN. DOHERTY	X	

Bill Brown
Secretary

Senator Mark Halligan
Chairman

Motion: by Senator Brown that SB 916
Be Passed As Amended

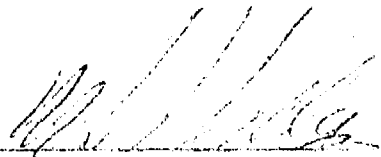
SENATE STANDING COMMITTEE REPORT

Page 1 of 1
March 26, 1991

MR. PRESIDENT,

We, your committee on Taxation having had under consideration Senate Bill No. 416 (second reading copy -- yellow), respectfully report that Senate Bill No. 416 be amended and as so amended do pass:

1. Page 3, line 9.
Following: "costs"
Insert: "-- limitations"
2. Page 3, line 13.
Following: "credit"
Strike: "in an amount equal to 70%"
Insert: "against the taxpayer's tax liability under chapter 30 for a portion"
3. Page 3, line 14.
Strike: "\$3,000"
Insert: "\$400"
Following: "\$3,000."
Insert: "The credit may not exceed the taxpayer's income tax liability for the taxable year."
4. Page 3.
Following: line 25
Insert: "(3) There is no carryback or carryforward of the credit permitted under this section, and the credit must be applied in the year the installation costs are incurred."
5. Page 4, lines 1 through 13.
Strike: section 3 in its entirety
Renumber: subsequent sections
6. Page 4, line 15.
Strike: "Sections"
Insert: "Section"
Strike: "and 3"
Strike: "are"
Insert: "is"
7. Page 4, line 18.
Strike: "sections"
Insert: "section"
Strike: "and 3"

Signed: 
Mike Halligan, Chairman

LB 3-26-91 DR 4/1 2:15
Amd. Coord. Sec. of Senate

NEW SECTION. Section 3: Codification instruction [Section 2] is intended to be codified as an integral part of Title 61, chapter 9, part 5, and the provisions of Title 61, chapter 9, part 5, apply to [section 2]."

And, as amended, be concurred in. Report adopted.

HB 570, be concurred in. Report adopted.

HB 636, be concurred in. Report adopted.

HB 705, third reading copy, be amended as follows:

1. Title, lines 11 and 12.

Strike: "OR MAINTENANCE-OF-WAY ACTIVITIES"

2. Page 3, lines 4 and 5.

Strike: "or in connection with railroad maintenance-of-way activities"

And, as amended, be concurred in. Report adopted.

LABOR AND EMPLOYMENT RELATIONS (Towe, Vice-Chairman): 3/27/91

HLJR 38, be concurred in. Report adopted.

NATURAL RESOURCES (Stimatz, Chairman): 3/27/91

HB 139, be concurred in. Report adopted.

HB 539, be concurred in. Report adopted.

STATE ADMINISTRATION (Vaughn, Chairman): 3/27/91

HB 404, be concurred in. Report adopted.

HB 500, third reading copy, be amended as follows:

1. Page 2, line 25.

Following: "improvements"

Insert: ", except changes in the location of the Montana senate chambers"

And, as amended, be concurred in. Report adopted.

TAXATION (Halligan, Chairman): 3/27/91

SB 416, second reading copy, be amended as follows:

1. Page 3, line 9.

Following: "costs"

Insert: "-- limitations"

2. Page 3, line 13.

Following: "credit"

Strike: "in an amount equal to 70%"

Insert: "against the taxpayer's tax liability under chapter 30 for a portion"

3. Page 3, line 14.

Strike: "\$3,000"

Insert: "\$400"

Following: "\$3,000."

Insert: "The credit may not exceed the taxpayer's income tax liability for the taxable year."

4. Page 3.

Following: line 25

Insert: "(3) There is no carryback or carryforward of the credit permitted under this section, and the credit must be applied in the year the installation costs are incurred."

5. Page 4, lines 1 through 13.

Strike: section 3 in its entirety

Renumber: subsequent sections

6. Page 4, line 15.

Strike: "Sections"

Insert: "Section"

Strike: "and 3"

Strike: "are"

Insert: "is"

7. Page 4, line 18.

Strike: "sections"

Insert: "section"

Strike: "and 3"

And, as amended, do pass. Report adopted.

HB 338, third reading copy, be amended as follows:

1. Page 8, line 17.

Following: "THAT"

Insert: ";

Strike: "BURNS WOOD."

Following: "burns"

Insert: "(a) (i) is specifically designed to burn"

Following: "pellets"

Strike: ";

2. Page 8, line 18.

Following: "pellets;"

Insert: "pellets; and"

3. Page 8, line 20.

Following: "(e)"

Insert: "(ii)"

[section 1(3)], must be deposited in the tribal motor fuels tax account.

(3) The money in the tribal motor fuels tax account must be disbursed to the tribe, as provided for in the agreement entered into pursuant to [section 1], on a quarterly basis."

Renumber: subsequent sections

9. Page 2.

Following: line 19

Insert: **NEW SECTION.** Section 5. Coordination instruction. If Senate Bill No. 164 is passed and approved and if it includes a section that provides for the transfer of motor fuels tax functions to the department of transportation, then any reference to the department of revenue in [this act] is changed to the department of transportation."

Renumber: subsequent sections

And, as amended, do pass. Report adopted.

SB 464, introduced bill, be amended as follows:

1. Page 6, line 11.

Strike: "production from"

Strike: "wells drilled"

Insert: "produced"

And, as amended, do pass. Report adopted.

SECOND READING OF BILLS (COMMITTEE OF THE WHOLE)

Senator Van Valkenburg moved that the Senate resolve itself into a Committee of the Whole for consideration of business on second reading. Motion carried. Senator Noble in the Chair.

Mr. President: We, your Committee of the Whole, having had under consideration business on second reading, recommend as follows:

SB 416 - Senator Williams moved that SB 416 do pass. Motion carried as follows:

Yeas: Aklestad, Bengtson, Bianchi, Blaylock, Brown, Bruski, Burnett, Crippen, Doherty, Eck, Farrell, Fritz, Grosfield, Halligan, Hammond, Hockett, Jergeson, Kennedy, Koehnke, Nathe, Noble, Pinsoneault, Pipinich, Rea, Svrcek, Swift, Thayer, Towe, Tveit, Vaughn, Waterman, Weeding, Williams.

Total 33

Nays: Anderson, Beck, Devlin, Franklin, Gage, Hager, Harding, Harp, Jacobson, Keating, Lynch, Manning, Van Valkenburg, Yellowtail, Mr. President.

Total 15

Absent or not voting: Stimatz.

Total 1

Excused: Rye.

Total 1

HB 62 - Senator Farrell moved that HB 62 be concurred in. Motion carried unanimously.

HB 338 - Senator Doherty moved that HB 338 be concurred in. Motion carried as follows:

Yeas: Anderson, Bengtson, Bianchi, Blaylock, Bruski, Crippen, Doherty, Eck, Farrell, Franklin, Fritz, Hockett, Jacobson, Jergeson, Kennedy, Koehnke, Lynch, Manning, Nathe, Noble, Pinsoneault, Pipinich, Rea, Svrcek, Swift, Thayer, Towe, Van Valkenburg, Vaughn, Waterman, Weeding, Yellowtail, Mr. President.

Total 33

Nays: Aklestad, Beck, Brown, Burnett, Devlin, Gage, Grosfield, Hager, Hammond, Harding, Harp, Keating, Tveit.

Total 13

Absent or not voting: Halligan, Stimatz, Williams.

Total 3

Excused: Rye.

Total 1

HB 359 - Senator Bianchi moved that HB 359 be concurred in. Motion carried as follows:

Yeas: Bengtson, Bianchi, Blaylock, Crippen, Doherty, Eck, Franklin, Fritz, Grosfield, Halligan, Hockett, Jacobson, Jergeson, Kennedy, Lynch, Manning, Pipinich, Stimatz, Svrcek, Towe, Van Valkenburg, Waterman, Weeding, Williams, Mr. President.

Total 25

Nays: Aklestad, Anderson, Beck, Brown, Bruski, Burnett, Devlin, Farrell, Hager, Hammond, Harding, Harp, Keating, Koehnke, Nathe, Noble, Pinsoneault, Rea, Swift, Thayer, Tveit, Vaughn, Yellowtail.

Total 23

Absent or not voting: Gage.

Total 1

Excused: Rye.

Total 1

HB 500 - Senator Farrell moved that HB 500 be concurred in. Motion carried unanimously.

Strike: "UNLESS"
Insert: "even if"

6. Page 10, lines 18 and 19.

Following: "chapter" on line 18

Strike: remainder of line 18 through "INDUSTRY" on line 19

7. Page 12, line 7 through page 13, line 12.

Strike: section 3 in its entirety

Renumber: subsequent sections

8. Page 18, line 6 through page 19, line 19.

Strike: sections 8 and 9 in their entirety

Renumber: subsequent section

Amendment carried as follows:

Yeas: Aklestad, Anderson, Beck, Bengtson, Bianchi, Bruski, Burnett, Crippen, Devlin, Farrell, Fritz, Gage, Grosfield, Hager, Halligan, Hammond, Harding, Hockett, Jergeson, Keating, Koehnke, Nathe, Noble, Pinsoneault, Stimatz, Swift, Thayer, Weeding.
Total 28

Nays: Blaylock, Brown, Doherty, Eck, Franklin, Harp, Jacobson, Kennedy, Lynch, Manning, Pipinich, Rea, Rye, Svrcek, Towe, Van Valkenburg, Vaughn, Waterman, Williams, Yellowtail, Mr. President.
Total 21

Absent or not voting: None.
Total 0

Excused: Tveit.
Total 1

Senator Doherty moved that the Senate pass consideration of HB 342 this legislative day and place it on second reading the next legislative day.
Motion carried.

Senator Van Valkenburg moved the committee rise and report. Motion carried. Committee arose. Senate resumed. President Mazurek presiding. Chairman Blaylock moved the adoption of the committee report. Report adopted.

THIRD READING OF BILLS

The following bills having been read three several times, title and history agreed to, were disposed of in the following manner:

SB 416 passed by the following vote:

Yeas: Aklestad, Anderson, Bengtson, Bianchi, Blaylock, Brown, Bruski, Burnett, Doherty, Eck, Farrell, Franklin, Fritz, Grosfield, Hager, Halligan, Hammond, Hockett, Jergeson, Kennedy, Koehnke, Nathe, Noble,

Pinsoneault, Rea, Rye, Stimatz, Svrcek, Swift, Thayer, Towe, Vaughn, Waterman, Weeding, Williams.
Total 35

Nays: Beck, Crippen, Devlin, Gage, Harding, Harp, Jacobson, Keating, Lynch, Manning, Pipinich, Tveit, Van Valkenburg, Yellowtail, Mr. President.
Total 15

Absent or not voting: None.
Total 0

Excused: None.
Total 0

Paired: Farrell, Yea; Tveit, Nay.

HB 62 concurred in by the following vote:

Yeas: Aklestad, Anderson, Beck, Bengtson, Bianchi, Blaylock, Brown, Bruski, Burnett, Crippen, Devlin, Doherty, Eck, Farrell, Franklin, Fritz, Gage, Grosfield, Hager, Halligan, Hammond, Harding, Harp, Hockett, Jacobson, Jergeson, Keating, Kennedy, Koehnke, Lynch, Manning, Nathe, Noble, Pinsoneault, Pipinich, Rea, Rye, Stimatz, Svrcek, Swift, Thayer, Towe, Van Valkenburg, Vaughn, Waterman, Weeding, Williams, Yellowtail, Mr. President.
Total 49

Nays: None.
Total 0

Absent or not voting: None.
Total 0

Excused: Tveit.
Total 1

HB 338 concurred in by the following vote:

Yeas: Anderson, Bengtson, Bianchi, Blaylock, Brown, Bruski, Burnett, Crippen, Doherty, Eck, Farrell, Franklin, Fritz, Halligan, Hockett, Jacobson, Jergeson, Kennedy, Koehnke, Lynch, Manning, Nathe, Pinsoneault, Pipinich, Rea, Stimatz, Svrcek, Swift, Thayer, Towe, Van Valkenburg, Vaughn, Waterman, Weeding, Williams, Yellowtail, Mr. President.
Total 37

Nays: Aklestad, Beck, Devlin, Gage, Grosfield, Hager, Hammond, Harding, Harp, Keating, Noble, Rye, Tveit.
Total 13

Absent or not voting: None.
Total 0

CHAIRMAN--DAN HARRINGTON
NORMAL SCHEDULE==> SITE: ROOM 437

DAYS: M,T,W,T,F

TIME: 8:00 A.M.

SECRETARY--MONA SPAULDING

--BILL NO--	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
SB0384	3/26	4/03		CONCUR		4/11
LYNCH, J.D.			REFERENDUM TO IMPOSE A STATEWIDE 2-MILL LEVY FOR VOCATIONAL & TECH EDUCATION			
SB0390	3/04	4/05		CONCUR AS AMENDED		4/13
VAN VALKENBURG, FRED			MAKE CERTAIN PERSONAL PROPERTY ELIGIBLE FOR PROPERTY TAX RELIEF			
SB0411	3/27	4/10		TABLED ON 04/12		
FRITZ, HARRY			EXPAND USE OF BED TAX BY HISTORICAL SOCIETY			
SB0412	3/26	4/03		CONCUR AS AMENDED		4/13
CRIPPEN, BRUCE			PROVIDE FOR THE EQUALIZATION OF RESIDENTIAL PROPERTY			
SB0415	3/16	4/09		CONCUR AS AMENDED		4/13
VAUGHN, ELEANOR			STATE PARKS RECREATIONAL VEHICLE FEE FOR RV FACILITIES & SERVICES AT ST PARK			
SB0416	4/02	4/10		CONCUR AS AMENDED		4/13
WILLIAMS, BOB			ALLOW A TAX CREDIT FOR THE INSTALLATION OF A GEOTHERMAL DEVICE			
SB0428	4/04	4/10		TABLED ON 04/12		
NATHE, DENNIS			ALLOCATE MOTOR FUEL TAXES TO CERTAIN RESERVATIONS			
SB0435	4/04	4/11		CONCUR AS AMENDED		4/13
BROWN, BOB			REFERENDUM ON 5% INCOME AND CORPORATE SURTAX TO SUPPORT UNIVERSITY SYSTEM			
SB0436	3/27	4/10		CONCUR AS AMENDED		4/13
BROWN, BOB			RESTRUCTURE PROPERTY TAX CLASSIFICATION BY CONSOLIDATING CLASSES			
SB0438	3/04	4/09		CONCUR		4/13
BROWN, BOB			EXEMPT FROM BENEFICIAL USE TAX RAILROAD TRACKS OWNED BY THE UNITED STATES			
SB0445	3/27	4/10		CONCUR AS AMENDED		4/13
DOHERTY, STEVE			PROVIDE UNIFORM TAX REVIEW PROCESS FOR MOST TAXES MANAGED BY DEPT OF REVENUE			

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SENATE BILL NO. 416

INTRODUCED BY WILLIAMS, H. HANSON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT FOR THE INSTALLATION OF A GEOTHERMAL SYSTEM; AMENDING SECTION 15-32-102, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-32-102, MCA, is amended to read:

"15-32-102. Definitions. As used in this part, the following definitions apply:

(1) "Building" means a single or multiple dwelling, including a mobile home, or a building used for commercial, industrial, or agricultural purposes, which is enclosed with walls and a roof.

(2) "Capital investment" means any material or equipment purchased and installed in a building or land with or without improvements.

(3) "Energy conservation purpose" means one or more of the following results of an investment: reducing the waste or dissipation of energy or reducing the amount of energy required to accomplish a given quantity of work.

(4) "Geothermal system" means a system that transfers energy either from the ground, by way of a closed loop, or

from ground water, by way of an open loop, for the purpose of heating or cooling a residential building.

(4)(5) "Passive solar system" means a direct thermal energy system that uses the structure of a building and its operable components to provide heating or cooling during the appropriate times of the year by using the climate resources available at the site. It includes only those portions and components of a building that are expressly designed and required for the collection, storage, and distribution of solar energy and that are not standard components of a conventional building.

(5)(6) "Low emission wood or biomass combustion device" means a stove or furnace or a catalytic converter added to a stove or furnace which burns wood or other nonfossil biomass and which has an emission rate of less than 6 grams per hour when tested in conformance with the standard method for measuring the emissions and efficiencies of residential wood stoves as adopted by the department of health and environmental sciences pursuant to 15-32-203.

(6)(7) "Recognized nonfossil forms of energy generation" means:

(a) a system for the utilization of solar energy including passive solar systems, wind, solid wastes, or the decomposition of organic wastes for capturing energy or converting energy sources into usable sources;

(b) a system for the production of electric power from solid wood wastes;

(c) a low-emission wood or biomass combustion device; or

(d) a small system for the utilization of water power by means of an impoundment not over 20 acres in surface area."

NEW SECTION. Section 2. Credit for geothermal system -- to whom available -- eligible costs -- LIMITATIONS. (1) A resident individual taxpayer who completes installation of a geothermal system, as defined in 15-32-102, in the taxpayer's principal dwelling is entitled to claim a tax credit in an amount equal to 70% AGAINST THE TAXPAYER'S TAX LIABILITY UNDER CHAPTER 30 FOR A PORTION of the installation costs of the system, up to \$3,000 \$400. THE CREDIT MAY NOT EXCEED THE TAXPAYER'S INCOME TAX LIABILITY FOR THE TAXABLE YEAR.

(2) For the purposes of this section, installation costs include the cost of:

(a) trenching, well drilling, casing, and downhole heat exchangers;

(b) piping, control devices, and pumps that move heat from the earth to heat or cool the building;

(c) ground source or ground coupled heat pumps;

(d) liquid-to-air heat exchanger, ductwork, and fans

installed with a ground heat well that pump heat from a well into a building; and

(e) design and labor.

(3) THERE IS NO CARRYBACK OR CARRYFORWARD OF THE CREDIT PERMITTED UNDER THIS SECTION, AND THE CREDIT MUST BE APPLIED IN THE YEAR THE INSTALLATION COSTS ARE INCURRED.

NEW SECTION. Section 3. Taxable years in which credit may be claimed -- carryover. The tax credit allowed under {section-2} is deductible from the taxpayer's income tax liability for the taxable year in which the geothermal system was acquired by the taxpayer, if the amount of the tax credit exceeds the taxpayer's income tax liability for the taxable year, the amount that exceeds the tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability. A tax credit may not be carried over for deduction after the fifth taxable year succeeding the taxable year in which the energy system was acquired.

NEW SECTION. Section 3. Codification instruction. [Sections SECTION 2 and-3] are IS intended to be codified as an integral part of Title 15, chapter 32, part 1, and the provisions of Title 15, chapter 32, part 1, apply to [sections SECTION 2 and-3].

NEW SECTION. Section 4. Effective date -- retroactive

1 applicability. [This act] is effective on passage and
2 approval and applies retroactively, within the meaning of
3 1-2-109, to taxable years beginning after December 31, 1990.

-End-

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON TAXATION

Call to Order: By **CHAIRMAN HARRINGTON**, on April 10, 1991, at
9:00 AM

ROLL CALL

Members Present:

Dan Harrington, Chairman (D)
Bob Ream, Vice-Chairman (D)
Ben Cohen, Vice-Chair (D)
Ed Dolezal (D)
Jim Elliott (D)
Orval Ellison (R)
Russell Fagg (R)
Mike Foster (R)
Bob Gilbert (R)
Marian Hanson (R)
David Hoffman (R)
Jim Madison (D)
Ed McCaffree (D)
Bea McCarthy (D)
Tom Nelson (R)
Mark O'Keefe (D)
Bob Raney (D)
Ted Schye (D)
Barry "Spook" Stang (D)
Fred Thomas (R)
Dave Wanzenried (D)

Staff Present: Lee Heiman, Legislative Council
Julia Tonkovich, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

HEARING ON SB 411

Opening Statement:

SENATOR HARRY FRITZ explained the bill, which alters the permissible use of bed tax money by the Montana Historical Society. It does not change the amount of money that the Historical Society gets from the tax, or the structure of the tax itself. The Historical Society has been awarded 1% of bed tax money since the inception of the tax for the purpose of

REP. COHEN noted that the fiscal amounts in Larry McRae's letter of testimony differ from those Mr. Cockhill presented. Exhibit 2 He asked for clarification of the term "unidentified uses" and also asked for a copy of the program's budget. Mr. Cockhill said that the tour program did not divert funds from those earmarked for signs; those funds were reserved.

REP. COHEN said if tours are a good use of the bed tax, perhaps a better plan of action would be to change the percentage of the bed tax the Historical Society receives in order to increase the money for the sign program. Mr. Colbo replied that proposal should be considered during the next session.

REP. COHEN said if SB 411 passes, the Historical Society would have the option of using all their allocated funds to sponsor the tour program. Mr. Colbo said the society would not exercise that option.

Closing Statement:

SEN. FRITZ said the bill would not adversely affect the signage program. The Historical Society has never turned down a request for a sign noting a historical site in Montana, and will not begin now. The bill merely puts current practice into statute.

HEARING ON SB 416

SENATOR BOB WILLIAMS explained the bill, which allows an income tax credit for the installation of a geothermal device, or ground-source heat pump. The amendments strike the \$400 tax credit and replace it with a \$250 tax credit. Exhibit 3 These heating systems can save an enormous amount of energy by using the earth for heat storage to provide 100% of air heating and cooling, and up to 60% of water heating at 1/3 the cost of electric services. Geothermal devices may also reduce pollution by a substantial amount by reducing the amount of particles from burning wood or gas emitted into the environment. The devices are initially expensive, however. A tax incentive will encourage more Montanans to install ground-source heat pumps in their homes, and to maintain their focus on conservation. It will be especially useful for new home buyers.

Proponents:

Gene Phillips, Pacific Power and Light, spoke in favor of the bill. Exhibit 4

Richard Brown, Ravalli County Electric Co-Op, spoke in favor of the bill. Exhibits 5 and 6

Gary Willis, Montana Power, spoke in favor of the bill.

Doug Hardy, Park Electric, spoke in favor of the bill.
Geothermal devices replace lost heat in a very efficient manner,

and the legislature should provide any incentives possible to encourage more Montanans to install them. Heat pumps are size-variable to fit the exact needs of any size building, unlike other heating sources which only come in a few sizes. Because of the duct system a ground-source heat pump requires, the installation is labor-intensive; although this raises the installation price, the process is also good for the local economy in that it provides jobs.

Wilbur Anderson, Vigilante Electric Co-Op, spoke in favor of the bill.

Jim Jenson, Montana Environmental Information Center, spoke in favor of the bill. Geothermal devices will reduce Montanans' dependence on electrical energy, and turn their attentions to alternative forms. Efficient use of current resources will make more electricity available for other enterprises to develop.

Opponents: None

Questions:

REP. THOMAS asked how much a geothermal device costs to install. **Mr. Brown** replied approximately \$6,000. This would include duct work.

REP. MCCARTHY asked whether the installers could use the existing duct work in a home with a forced-air furnace and convert it to be compatible with a ground-source heat pump. **Mr. Brown** replied they could; this would cut the cost of installation by approximately 1/3. The system can also be used for air conditioning.

REP. HARRINGTON asked what the fiscal impact of the amendments would be. **SEN. WILLIAMS** replied that it's difficult to judge, since no one can anticipate how many people will take advantage of the tax incentive and install a ground-source heat pump.

REP. RANEY asked if debt-financing or low-interest loans were currently offered for the installation of these devices. **Mr. Phillips** replied that both options exist.

Closing Statement:

SEN. WILLIAMS said there is a lot of interest in ground-source heat pumps, not only in Montana but in surrounding states as well. These devices can save up to 80% of standard heating and electrical costs. The national energy strategy is one of shared responsibility; federal, state and local governments must cooperate with national and international producers and consumers to keep energy costs down and supply up. This is a method to meet energy needs while enhancing environmental quality, and there aren't many programs that can do both.

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE 4/10/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	X		
REP. BEN COHEN, VICE-CHAIRMAN	X		
REP. BOB REAM, VICE-CHAIRMAN	X		
REP. ED DOLEZAL	X		
REP. JIM ELLIOTT	X		
REP. ORVAL ELLISON	X		
REP. RUSSELL FAGG	X		
REP. MIKE FOSTER	X		
REP. BOB GILBERT	X		
REP. MARIAN HANSON	X		
REP. DAVID HOFFMAN	X		
REP. JIM MADISON	X		
REP. ED MCCAFFREE	X		
REP. BEA MCCARTHY	X		
REP. TOM NELSON	X		
REP. MARK O'KEEFE	X		
REP. BOB RANEY	X		
REP. TED SCHYE	X		
REP. BARRY "SPOOK" STANG	X		
REP. FRED THOMAS	X		
REP. DAVE WANZENRIED	X		

Amendments to Senate Bill No. 416
Third Reading Copy

Requested by Senator Williams
For the Committee on Taxation

Prepared by Jeff Martin
April 4, 1991

EXHIBIT 3
DATE SB 4/10/91
HB SB 416

1. Page 3, line 13.
Following: "~~70%~~"
Insert: ", as provided in subsection (3),"
2. Page 3, line 15.
Strike: "\$400"
Insert: "\$250 per year for 4 years"
3. Page 3, line 17.
Following: "YEAR"
Insert: "in which the credit is claimed"
4. Page 4, line 4.
Following: "(3)"
Insert: "The tax credit allowed under this section is deductible from the taxpayer's income tax liability for the taxable year in which the installation costs were incurred and for the next 3 taxable years succeeding the taxable year in which the installation costs were incurred."
5. Page 4, lines 5 and 6.
Strike: "AND" on line 5 through "INCURRED" on line 6

Kootenai Valley Eagle, Libby, Mt. Fri., October 28, 1988-11

Libby air quality below new federal standards

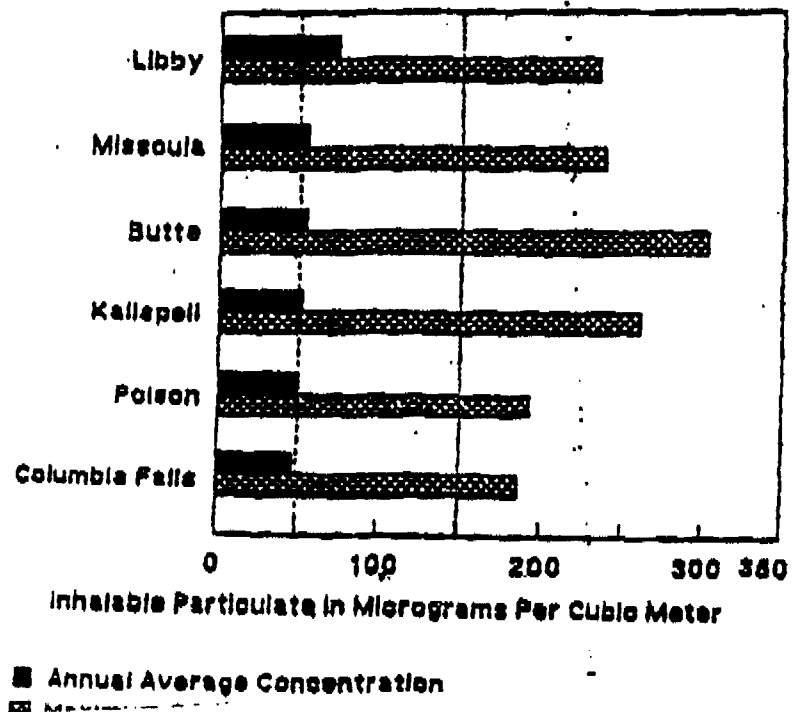
Eight Montana communities are in violation of new state and federal air quality standards for particulates.

According to the Montana Department of Health and Environmental Sciences, the communities include Libby, along with Columbia Falls, Kalispell, Polson, Ronan, Missoula, Butte and Lame-Deer. Although Columbia Falls was not originally on the Environmental Protection Agency's (E.P.A.) list, it is now considered in violation of the standards based on recent air monitoring data.

The new federal particulate matter standards are based on inhalable particulates (particles in the air with a diameter less than 10 micrometers in size) instead of the old total particulate matter

standard. The 'PM-10' standards became effective on July 31, 1987 and establish a maximum 24-hour concentration of 150 micrograms per cubic meter — not to be exceeded more than once per year — and a maximum annual average of 50 micrograms per cubic meter.

In establishing the new PM-10 standards, EPA reviewed extensive scientific research comparing atmospheric particulate concentrations with human health effects. The result was a standard based on particles with a diameter of less than 10 micrometers (approximately 1/10th the thickness of a human hair). These fine particles are capable of penetrating deep into the oxygen-exchanging areas of the lungs and are considered to be the most dangerous.



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EXHIBIT 5

4/10/91

SB 416

FIGURE 42

LIBBY PM-10 SOURCE APPORTIONMENT

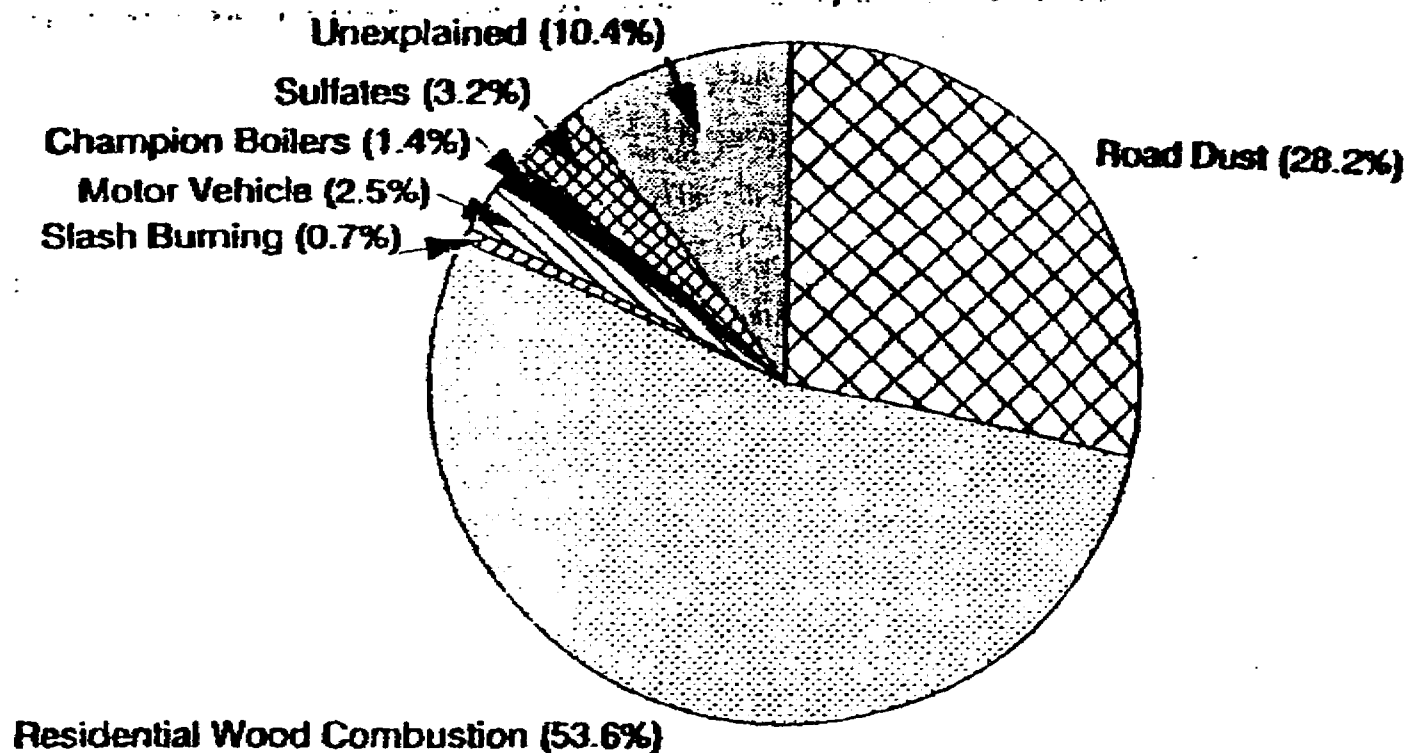
Total Contribution (0-10 microns)

Courthouse Parking Lot

December 1, 1987 - February 17, 1988

and December 26, 1988

(Winter Average 82.1 ug/m³)



Ravalli County Electric Co-op

EXHIBIT 6

4/10/91

SB 416

NE 1051 Eastside Highway
P.O. Box 109
Corvallis, MT 59828-0109

April 9, 1991

TO: Dan Harrington, Chairman
House Taxation Committee

RE: PRO GSHP TAX INCENTIVE

For the record, my name is Richard J. Brown, General Manager at Ravalli County Electric Co-op, Inc. I would like to present the following information on Ground Source Heat Pumps.

The most energy efficient heat source available is the Ground Source Heat Pump using the earth as heat storage by using an open flow system removing 6 degree's of the water temperature and returning the water to the same aquifer from which it was taken.

****A closed loop system either horizontal or vertical using the same fluid to remove the temperature from the earth.**

****Safest system available - not even a spark - heat is removed by refrigerant process.**

****Provides heating, cooling, and 60% of hot water heating.**

****Co-efficiency of 3.5 or better, electric resistance heat has a co-efficiency of "1".**

****Reduces peak demand on utilities which is eventually passed on to the consumer which delays future new generation.**

****Reduces energy bills for consumers.**

****Reduces pollution by burning much less wood or gas. Gas vents off 3% under the most ideal conditions.**

****Healthier environment, safe and comfortable.**

****But it is expensive to install. A tax incentive is needed to encourage future installations.**



Richard J. Brown
General Manager

EXHIBIT 6
DATE 4/10/91
HB SB 416

Ground heats water up

By PAT RHODES

Agnes Cooper of Darby is an enthusiastic valley customer with a newly-installed ground water heat pump that heats her house in the winter and, with a flick of a switch, will cool it in the summer. "I love it," she said Tuesday. "For the first time I'm warm when I go to bed and when I get up. I'm 82 years old and now I don't have to carry wood."

Cooper, who lives in the turn-of-the-century house in which she was born, said she had been heating her home with old-fashioned wall heaters and a wood stove. Her monthly electric bills were running more than \$100 but she won't know until February how much her electricity is going to cost with the new system. "I hope it will save me some money but I know it won't cost me any more and it is the safest system I know of and it is non-polluting. Those are the most important things to me."

Goosey and Smith said they can put their system in a house of any age. They assess the building first and then design the system that best fits the heating and cooling requirements of the structure with no guesswork about any part of it. "It is done through computer programs for each aspect," Smith said.

The system uses the earth itself or well water as its source of energy. In the valley, the earth temperature at six feet is about 50 degrees. The heat pump transfers that heat to the home. Through the use of a heat exchanger — similar to a refrigerator coil — the temperature is brought to about 160 degrees. A side benefit is that residual heat from running the system can be used to heat domestic water to 120 degrees.

Electricity runs the pump, blower and compressor of the system. The well or ground water used is

recirculated in the case of a closed coil system or returned to the aquifer in an open system. A closed system recirculates about 50 gallons of water in an outside loop buried under the ground.

"It is safe because there is no combustion and no possibility of explosion," Goosey said. "It is the safest as well as most efficient type of heat there is and it is 100 percent clean."

Although the heat pump process seems complicated on first perusal, it involves the same scientific principle of moving heat energy from one place to another that a refrigerator does. A refrigerator uses an air-source heat pump for energy and a ground-source heat pump works the same way, except that its heat source is the warmth of the earth.

The process of elevating low temperature heat to over 100 degrees and transferring it indoors involves a cycle of evaporation, compression, condensation and expansion.

Heat pumps are more than three times as efficient as the most efficient fossil fuel furnace, according to Goosey and Smith. Instead of burning a combustible fuel to make heat, the pumps move heat that already exists. By doing that, they provide three units of energy for every one unit used to power the heat pump system.

Free energy audits are provided by REC to its customers and by Energy-Re/Con to non-REC customers. Those audits can then be used to figure the payback period for a ground-source heat pump, Kratofil said.

For more information regarding ground heat pumps, contact Kratofil at 961-3001, or Energy-Re/Con at 961-3583.

Using the earth

Invention tra

By PAT RHODES

Two members a three-way partnership which owns Energy-Re/Con of Corvallis are former athletic coaches turned energy consultants. They are, with the blessings of the Ravalli County Electric Co-op, promoting, selling and installing ground source heat pumps to heat and cool homes and businesses.

Their product uses the earth's constant temperature to heat and cool homes and businesses.

Kelly Goosey was previously a history teacher and basketball coach, who by chance coached two years in Corvallis during his career in education. He has joined forces in the young business venture with Tony Smith, who is also a former coach and teacher. Local businessman Russ Kearns of Corvallis is the third member of the partnership.

Rudy Kratofil of REC says the co-op is involved with Energy-Re/Con because the company's approach to heating and cooling a home helps hold down REC costs. "It keeps down our peak demand — or highest time of the month which is what we pay Bonneville Power for. That cost is then built into the consumer rate," Kratofil said.

REC is also interested in ground source heat pumps from the marketing and competitive standpoint. "Montana Power is burying gas lines in the valley with no charge to REC consumers. People are converting to gas without considering alternatives or that ground source conversion is the most efficient way to heat and cool."

Once in place, ground source

heat pumps save consumers money, according to Goosey, Smith and Kratofil. And, the cost of installing the systems — estimated by the men as being between \$4,500 and \$8,500 depending on the size of the house and other variables — is competitive with natural gas, electricity or fossil fuel heating sources.

Kearns, who has had a system in his home for about four months says he is realizing a 60 percent savings in heating and cooling his home and in heating domestic water over last year. "We've figured our payback at 21 months."

Energy Re/Con is a private corporation. REC brought it into the valley, provides technical assistance and advice and recommends it to REC customers but there is no other business relationship between the two entities. "There is a lack of people with the knowledge to install these systems and REC would rather have the private sector do it," Kratofil said.

Smith said he and Goosey left their education professions in search of something more profitable. "We decided there had to be something better and we saw the potential in energy. It's been back to school ever since."

REC is helping promote the company and the ground source energy concept. The co-op had a display at the 1989 Ravalli County Fair and will have one at the home show in Missoula in March. There are 15 REC customers already on the books in the valley and the company is in the process of putting a commercial system in a Missoula building.

THE GEO-THERMAL™ HEAT PUMP SYSTEM

TYPICAL GEO-THERMAL™ CLOSED LOOP SYSTEMS

EXHIBIT 6
DATE 4/16/91
HB SB 416



THE GEO-THERMAL™ HEAT PUMP SYSTEM MAY BE INSTALLED IN A CLOSET, ATTIC, EQUIPMENT ROOM OR BASEMENT.

TYPICAL VERTICAL
CLOSED LOOP
HEAT EXCHANGER

CONSTANT
EARTH
TEMPERATURE

HEAT REJECTED
WHEN COOLING

HEAT ABSORBED
WHEN HEATING

FLUID
FLOW
PATH

FOR MORE INFORMATION CONTACT:

POLYBUTYLENE OR
POLYETHYLENE HEAT
EXCHANGER - BORES ARE
4" DIAMETER MINIMUM, 1
FOOT MINIMUM SPACING

NO OUTDOOR EQUIPMENT

NO HAZARDOUS FLAMES OR FUMES

REDUCED FREE HOT WATER COSTS

ClimateMaster

GEO-THERMAL™ HEAT PUMP SYSTEMS



ClimateMaster®

THE GEO-THERMAL™ HEAT PUMP SYSTEM

HIGH TECH. The latest high tech, high performance system that is revolutionizing the way we heat and cool our homes.

The ClimateMaster Geo-Thermal™ Heat Pump System is the latest high performance home environment system available and has established itself as the best system value for many reasons. It provides:

- Extremely high efficiency
- Low operating cost
- No outdoor equipment
- Longer equipment life
- Energy conservation
- Virtually free hot water
- Low maintenance costs
- No hazardous flames or fumes
- Clean operation
- Excellent return on investment

GEO-THERMAL. Borrowing the heat energy from the earth to heat and cool our homes.

The ClimateMaster Geo-Thermal™ Heat Pump System is an electrically powered device that uses the natural heat stored in the earth. The system simply moves heat from one place to another. By tapping the free geothermal heat stored within the earth under your own backyard, the System transfers the heat into your home to give you comfortable warm air in the winter.

In the summer the heat moving process is reversed, taking the heat out of your home and returning it to the earth, leaving your home cool and refreshingly comfortable.

HEAT EXCHANGER. Opening the door to free geothermal energy.

The ClimateMaster Geo-Thermal™ Heat Pump System collects heat from fluid that is circulated through a special "closed loop" pipe "heat exchanger" buried in the earth. Through extensive research by The Shell Oil Company and Phillips Petroleum Company, the pipe resins "Polybutylene" and "Polyethylene" were developed. These long life high density resins made the "heat exchanger" possible. They are the key to unlocking the earth's energy resources - free geothermal energy found in your own backyard.

SUBSTANTIAL SAVINGS. Savings up to 65% on your total heating, cooling and hot water costs.

Did you know that heating and cooling your home and your hot water requirements make up approximately 70% of your utility consumption? The ClimateMaster Geo-Thermal™ Heat Pump System can substantially reduce your operating costs in all three areas.

Proven savings up to: 70% on domestic hot water - - - - - 65% on heating - - - - - 35% on cooling

SAFETY FIRST. Simply the safest heating and cooling system available.

NO vents NO flames NO fumes

CLIMATEMASTER GEO-THERMAL™ HEAT PUMP SYSTEMS

7300 S.W. 44th Street • Oklahoma City, OK 73179 • (405) 745-6000 • FAX (405) 745-6058

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EXHIBIT

6

DATE

4/10/91

HB

SB 4/10

RUSS KEARNS - 961-3550
KELLY GOOSEY - 363-3271
TONY SMITH - 961-4153

Energy-Re/Con

"Ground Source Heat Pumps"

582 CHRISTOFFERSEN LANE • CORVALLIS, MT 59828 • (406) 961-3583

In North America, homes and businesses are being heated and cooled by a system that bridges the gap between high technology and affordable efficiency—the ground-source heat pump. This guide was developed to introduce you to this new technology. Using a question and answer format, we've tried to provide you with the information many consumers have sought about ground-source heat pumps. If we can be any further help please contact us.

GROUND-SOURCE HEAT PUMPS:

What are they and how do they work?

Q: How does it work?

A: Like any type of heat pump, it simply moves heat energy from one place to another. Your refrigerator works using the same scientific principle. (See Mechanics of the Heat Pump Process) By using the refrigeration process, ground-source heat pumps remove heat energy stored in the earth and/or the earth's groundwater and transfer it to the home.

Q: How is heat transferred between the earth and home?

A: The earth has the ability to absorb and store heat energy. To use that stored energy, heat is extracted from the earth through a liquid medium (groundwater or an anti-freeze solution) and is pumped to the heat pump or heat exchanger. There, the heat is used to heat your home. In summer the process is reversed and indoor heat is extracted from your home and transferred to the earth through the liquid.

Q: You mentioned heating and cooling. Does it do both?

A: One of the things that makes a heat pump so versatile is its ability to be a heating and cooling system in one. You can change from one mode to another with a simple flick of a switch on your indoor thermostat. In the cooling mode, a ground-source heat pump takes heat from indoors and transfers it to the cooler earth through either groundwater or an underground loop system.

Q: Do I need separate ground loops for heating and cooling?

A: No. The same loop works for both. All that happens when changing from heating to cooling, or vice versa, is that the flow of heat is reversed.

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Q: What type of loops are available?

A: There are two main types: open and closed. The next few pages will give you specifics about each.

Q: Does the underground pipe system really work?

A: The buried pipe, or "ground loop," is the most recent technical advancement in heat pump technology. The idea to bury pipe in the ground to gather heat energy began in the 1940s. But it's only been in the last few years that new heat pump designs and improved pipe materials have been combined to make ground-source heat pumps the most efficient heating and cooling systems available.

THE MECHANICS OF THE HEAT PUMP PROCESS

Anyone who has a refrigerator or an air conditioner has witnessed the operation of a heat pump, even though the term heat pump may be unfamiliar. All of these machines, rather than making heat, take existing heat and move it from a lower temperature location to a higher temperature location. Refrigerators and air conditioners are heat pumps which remove heat from colder interior spaces to warmer exterior spaces for cooling purposes. Heat pumps also move heat from a low temperature source to a high temperature space for heating.

An air-source heat pump, for example, extracts heat from outdoor air and pumps it indoors. A ground-source heat pump works the same way, except that its heat source is the warmth of the earth.

The process of elevating low temperature heat to over 100 degrees F and transferring it indoors involves a cycle of evaporation, compression, condensation and expansion. A refrigerant, is used as the heat-transfer medium which circulates within the heat pump.

The cycle starts as the cold, liquid refrigerant passes through a heat exchanger (evaporator) and absorbs heat from the low temperature source (liquid from the ground loop). The refrigerant evaporates into a gas as heat is absorbed. The gaseous refrigerant then passes through a compressor where the refrigerant is pressurized, raising its temperature to over 180 degrees F. The hot gas then circulates through a refrigerant-to-air heat exchanger where heat is removed and pumped into the home at about 100 degrees F. When it loses the heat, the refrigerant changes back to a liquid. The liquid is cooled as it passes through an expansion valve and begins the process again. To become an air conditioner, the flow is reversed.

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CLOSED-LOOP SYSTEMS

Q: What is a closed-loop system?

A: The term "closed-loop" is used to describe a ground-source heat pump system that uses a continuous loop of special buried plastic pipe as a heat exchanger. The pipe is connected to the indoor heat pump to form a sealed, underground loop through which water or an anti-freeze solution—depending on where you live—is circulated. Unlike an open-loop system that uses water from a well, a closed-loop system recirculates its heat transferring solution in pressurized pipe.

Q: Where can this loop be located?

A: That depends on land availability and terrain. Most closed-loops are trenched horizontally in yards adjacent to the home. But any area near a home or business with appropriate soil conditions and adequate square footage will work.

Q: How deep and long will my trenches be?

A: Trenches are normally four to six feet deep and up to 400 feet long, depending on how many pipes are in a trench. One of the advantages of a horizontal loop system is being able to lay the trenches according to the shape of the land. As a rule of thumb, 500-600 feet of pipe are required per ton of heat pump capacity. A well-insulated, 2000-square foot home would need about a three-ton system with 1500 to 1800 feet of pipe.

Q: How many pipes are in a trench?

A: Normally, a run of pipe is laid at five feet then looped back over itself at three feet once the bottom pipe is covered with soil. This allows more length of pipe to be put in one trench and has no adverse affect on system efficiency. Other loop designs use four or six pipes and allow for shorter trenches if land area is limited.

Q: What if I don't have enough room for a horizontal loop?

A: Closed-loop systems can also be verticle. Holes are bored to about 120-180 feet per ton of heat pump capacity. U-shaped loops of pipe are inserted in the holes. The holes are then backfilled with a sealing solution.

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Q: How long will the loop pipe last?

A: Closed-loop systems should only be installed using high-density polyethylene or polybutylene pipe. Properly installed, these pipes will last 50-75 years and are guaranteed for 50 of those years. They are inert to chemicals normally found in soil and have good heat conducting properties. PVC pipe should not be used under any circumstances.

Q: How are pipe sections of the loop joined?

A: The only acceptable method to connect pipe sections is by thermal fusion. Pipe connections are heated and fused together to form a joint stronger than the original pipe. Mechanical joining of pipe for an earth loop is **never** an accepted practice. The use of barbed fittings, clamps and glued joints is certain to result in loop failure due to leaks.

Q: Will an earth loop affect my lawn or landscape?

A: No. Research has proven that loops have no adverse effect on grass, trees or shrubs. Most horizontal loop installations use trenches about six inches wide. This, of course, will leave temporary bare areas that can be restored with grass seed or sod. Vertical loops require little space and result in minimal lawn damage.

Q: If the loop falls below freezing, will it hurt the system?

A: No. The antifreeze solution in the loop will keep it from freezing down to a ground temperature of about 10 degrees F. In the U.S. and Canada, three types of antifreeze solution are acceptable: propylene glycol, methyl alcohol and calcium chloride.

Q: Can I install an earth loop myself?

A: It's not recommended. In addition to thermal fusion of the pipe, good earth-to-coil contact is very important for successful loop operation as well as sizing the unit and loops correctly. Nonprofessional installations may result in less than optimum heat pump performance.

Q: I have a pond near my home. Can I put a loop in it?

A: Yes, if it's deep enough and large enough. A minimum of six feet in depth at its lowest level during the year is needed for a pond to be considered.

OPEN-LOOP SYSTEMS

Q: What is an open-loop system?

A: The term "open-loop" is commonly used to describe a ground-source heat pump system that uses groundwater from a conventional well as a heat source. The groundwater is pumped into the heat pump unit where heat is extracted, then the water is disposed of in an appropriate manner. Since groundwater is a relatively constant temperature year-round, it is an excellent heat source.

Q: What do I do with the discharge water?

A: There are a number of ways to dispose of water after it has passed through the heat pump. The open discharge method is the easiest and least expensive. Open discharge simply involves releasing the water into a stream, river, lake, pond, ditch or drainage tile. Obviously, one of these alternatives must be readily available and must possess the capacity to accept the amount of water used by the heat pump before open discharge is feasible.

A second means of water discharge is the return well. A return well is a second well bore that returns the water to the ground aquifer.

Q: Does an open-loop system cause environmental damage?

A: No. They are pollution free. The heat pump merely removes heat (about six degrees F) from or adds heat to the water. No pollutants are added whatsoever. The only change in the water returned to the environment is a slight increase or decrease in temperature.

PARTS OF THE SYSTEM

Q: What are the components of a ground-source heat pump system?

A: The three main parts are the heat pump unit, the liquid heat exchange medium (open or closed loop), and the air delivery system.

Q: Are all ground-source heat pumps alike?

A: No. There are different kinds of ground-source heat pumps designed for specific applications. Many ground-source heat pumps, for example, are intended for use only with higher temperature ground water encountered in open-loop systems. Others will operate at entering water temperatures as low as 25 degrees F which are possible in closed-loop systems.

Most ground-source heat pumps provide summer air conditioning, but a few brands are designed only for winter heating. Ground-source heat pumps can also differ in the way they are designed. Self-contained units combine the blower, compressor, heat exchanger and coil in a single cabinet. Split systems allow the coil to be added to a forced

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Q: Will I have to add insulation to my home if I install one of these systems?

A: Ground-source heat pumps will reduce your heating and cooling costs regardless of how well your home is insulated. However, insulating and weatherizing are key factors in realizing savings from any type of heating system.

Q: Can a ground-source heat pump also heat water for my home?

A: Yes. Using what's called a desuperheater, some types of ground-source heat pumps can save you up to 50 percent on your water heating bill by pre-heating tank water. Desuperheaters are standard on some units, optional on others.

Q: Is a ground-source heat pump difficult to install?

A: Most units are easy to install, especially when they are replacing another forced-air system. They can be installed in areas unsuitable for fossil fuel furnaces because there is no combustion, thus, no need to vent exhaust gases.

Q: Can a ground-source heat pump be added to my fossil fuel furnace?

A: Split systems can easily be added to existing furnaces for those wishing to have a dual-fuel heating system. Dual-fuel systems use the heat pump as the main heating source and a fossil fuel furnace as a supplement.

Q: I have ductwork, but will it work with this system?

A: In all probability, yes. Your installing contractor should be able to determine ductwork requirements and any minor modifications if needed.

Q: Do I need to increase the size of my electric service?

A: Ground-source heat pumps don't use large amounts of resistance heat, so your existing service may be adequate. Generally, a 200-amp service will have enough capacity, and smaller amp services may be large enough in some cases. Your electric utility or contractor can determine your service needs.

Q: Do ground-source heat pumps have outdoor units?

A: No. The equipment goes inside your home, usually in the basement, garage, utility closet or crawl space. Because it's indoors, the lifespans of the compressor and major components are greatly extended.

Q: How efficient is a ground-source heat pump?

A: They are more than three times as efficient as the most efficient fossil fuel furnace. Instead of burning a combustible fuel to make heat, they simply move heat that already exists. By doing that, they provide three units of energy for every one unit used to power the heat pump system.

All types of heating and cooling systems have a rated efficiency. Fossil fuel furnaces have a percentage efficiency rating. Natural gas, propane and fuel oil furnaces have efficiency ratings based on laboratory conditions. To get an accurate installed efficiency rating, factors such as flue gas heat losses, cycling losses caused by oversizing, blower fan electrical usage, etc., must be included.

Ground-source heat pumps have efficiencies rated according to their coefficient of performance or COP. It's a scientific way of determining how much energy the system produces versus how much it uses.

Most ground-source heat pump systems have COPs of 3.0-4.1. That means for every one unit of energy used to power the system, three to four units are supplied as heat. Where a fossil fuel furnace may be 50-90 percent efficient, a ground-source heat pump is about 350 percent efficient.

Q: Will open or closed-loop be best for you?

A: That depends on several factors, as stated earlier. We will be willing to install what's best for you and not for us.

Q: What does a system like this cost?

A: A system for the typical home will cost more than if you bought a separate forced air furnace. But you wouldn't be comparing apples to apples. To get an accurate comparison of costs you need to consider the following: 1) Payback, or how long it takes to recover the difference in costs between the two systems using energy savings. Payback for most ground-source heat pump systems runs two to seven years. 2) Energy efficiency of the two systems. To get an accurate picture, make sure efficiency claims are substantiated. Your lifestyle and how well your home is insulated affect how economical a system will be. 3) Total operating savings from heating, cooling and domestic hot water must be combined to get an accurate picture of total energy savings. 4) Energy costs and availability, both present and future. 5) Maintenance costs and system reliability. 6) System lifespan.

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Q: How do I figure the payback period for a ground-source heat pump?

A: To figure this accurately, you must know how much per year you'll save in energy costs with a ground-source system and the difference in costs between it and a conventional heating system and central air conditioner. When a free energy audit is performed by Energy-Re/Con, this information will be supplied along with the type of unit, system, cost of installation and recommendations pertaining to energy savings.

Q: How clean is the system?

A: Since there is no combustion necessary with a ground-source heat pump; the system will not emit particles that will pollute the living area of your home.

Q: Can I add an air cleaner or humidifier to the system if so desired?

A: Yes. An electrostatic or ionizing air cleaner can be adapted to the system with ease. The humidifier will also adapt to the system with relative ease.

Q: If a home has ceiling cable heat or baseboard heat, do air ducts need to be installed?

A: Not always. It may be desirable to install ground-source heat pump room units. For some small homes, one room unit would provide most of the heating and cooling needs. Ceiling cable or baseboard units could then be used for supplemental heat.

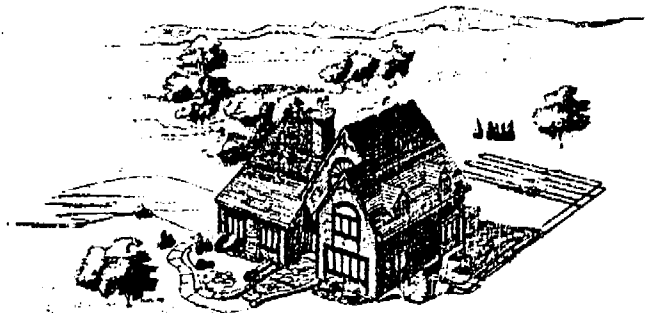
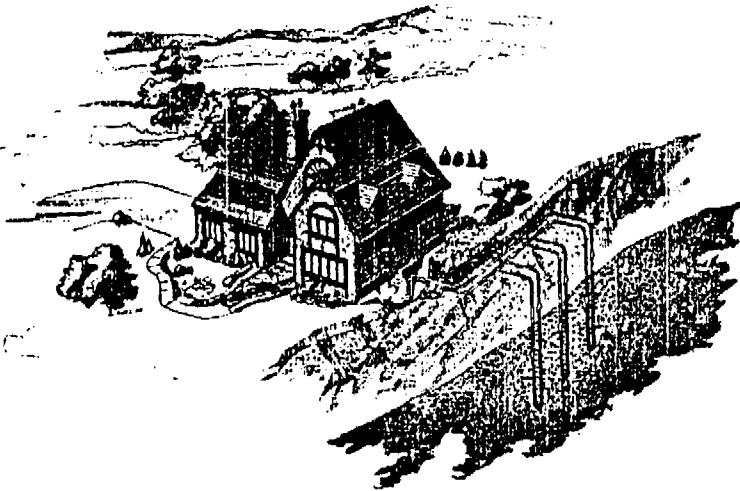
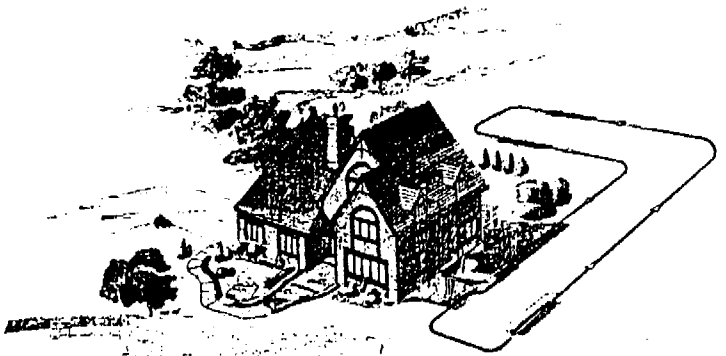
Q: If I want to know more about ground-source heat pump systems, whom should I contact?

- A:**
- 1) Russ Kearns, Tony Smith or Kelly Goosey at Energy-Re/Con
961-3583
 - 2) Rudy Kratofill at Ravalli County Electric Co-op
961-3001
 - 3) Bob Touse at Missoula County Electric Co-op
1-800-352-5200
721-4433

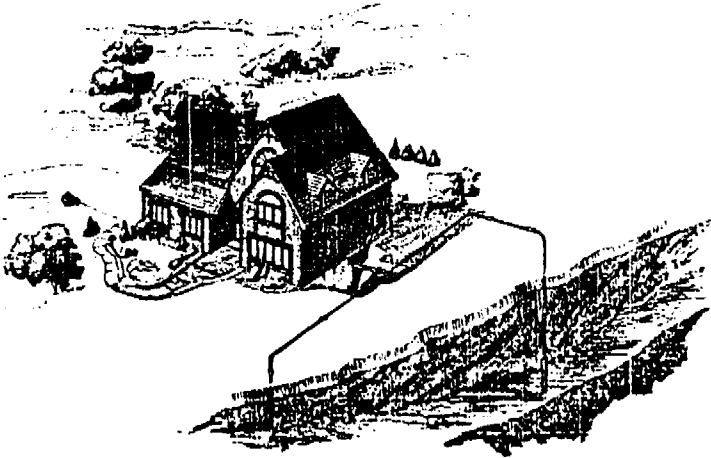
EXHIBIT 6
DATE 4/10/91
HB SB 416

Choose From Two Efficient, Proven Systems

Outside your home, two types of Geo-Thermal Heat Pump systems are available. Each uses the same principle of drawing energy from the earth to provide ideal indoor temperatures at a far lower cost than typical heating/cooling equipment. Both offer the advantages of total heating, cooling, air circulation, air filtration and dehumidification for your home.



Closed Loop System. To capture the constant temperatures stored below the earth's surface, water (sometimes treated with a non-freezing solution) is recirculated through special pipe installed in the ground, using the warmer earth temperature during the winter, and transferring heat to the cooler earth temperature in the summer.



Ground Water System. To retrieve the even temperatures stored in the earth, ground water is pumped to the Geo-Thermal Heat Pump. In the winter, the water supplies a constant heat source much higher than low temperature outdoor air. In the summer, the same temperature water is much cooler than the air on hot days, providing for more efficient removal of heat.

HOUSE OF REPRESENTATIVES
VISITOR'S REGISTER

TAXATION COMMITTEE BILL NO. SB 416
DATE 4/10/91 SPONSOR(S) WILLIAMS
PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
Willbur Anderson	Vigilante Electric Co-op	✓	
Richard J. Brown	Ravalli County Electric Corp	✓	
JM DOWNEN	META	✓	
GENE PHILLIPS	PACIFIC POWER & LIGHT	X	
Jim Jensen	MEIC	✓	
Doug Hardy	PARK ELECTRIC	✓	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By CHAIRMAN HARRINGTON, on April 12, 1991, at
9:00 AM

ROLL CALL

Members Present:

Dan Harrington, Chairman (D)
Bob Ream, Vice-Chairman (D)
Ben Cohen, Vice-Chair (D)
Ed Dolezal (D)
Jim Elliott (D)
Orval Ellison (R)
Russell Fagg (R)
Mike Foster (R)
Bob Gilbert (R)
Marian Hanson (R)
David Hoffman (R)
Jim Madison (D)
Ed McCaffree (D)
Bea McCarthy (D)
Tom Nelson (R)
Mark O'Keefe (D)
Bob Raney (D)
Ted Schye (D)
Barry "Spook" Stang (D)
Fred Thomas (R)
Dave Wanzenried (D)

Staff Present: Lee Heiman, Legislative Council
Julia Tonkovich, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

DISCUSSION ON SB 115

Mr. Heiman explained the subcommittee amendments, which ensure that the local property tax is a uniformly levied property tax -- one could not choose to levy it on certain properties and not on others. Amendments 3-5 provide a statutory appropriation to the Department of Revenue (DOR) for the administrative fee collected in the administering of a local option income tax if one is imposed. **Exhibit 1**

DISCUSSION ON SB 445

Motion/Vote: REP. MCCARTHY MOVED SB 445 BE CONCURRED IN AS AMENDED. Motion carried unanimously. Exhibit 15

DISCUSSION ON SB 411

REP. REAM said the Income Tax Subcommittee recommended tabling the bill on an 8 to 1 vote. The funds have been misused for the last four years, and the subcommittee did not feel it should support this action. In 1987, when the bed tax was imposed, the Governor's Office told the Historical Society it should continue the tours, but did not provide a funding source. The society began using their portion of the bed tax money to run the tours, which cost approximately \$20,000/year. Last fall, they requested that the tour program be included in the executive budget, and it was not. SEN. FRITZ had indicated he would make an appeal to the finance committee if the bill does not pass; if this fails, the program is up in the air, and the Governor will have to find the money.

REP. HOFFMAN asked for clarification of "misused." REP. REAM said the subcommittee decided the funds had been illegally used, since the tour program does not fit in with the definition of installation or maintenance of roadside historical signs.

REP. COHEN said the members of the tourism advisory council are beginning to realize they cannot continue to take a negative approach to all other tourism-related uses of the bed tax monies. As the money available expands, the council will need to be more open about potential tourism-related uses, or the entire fund will be put at risk.

REP. RANEY said since the tours take place in Helena, they should be paid using a Helena fund. If Helena's region wants to promote tourism in Helena by sponsoring tours of the Capitol, it should provide the funding. The state tourism fund should not be used to promote tourism specific to Helena only.

Motion/Vote: REP. THOMAS MOVED SB 411 BE TABLED. Motion carried 17 to 3, with REPS. FAGG, O'KEEFE, and SCHYE voting no.

DISCUSSION ON SB 416

Motion/Vote: REP. THOMAS moved to adopt Amendments 1-5. Motion carried unanimously.

REP. O'KEEFE spoke against the bill, saying it will cost the General Fund \$60,000/year for 5 years for a total cost of \$300,000; the General Fund cannot afford this.

Motion/Vote: REP. THOMAS MOVED SB 416 BE CONCURRED IN AS AMENDED. Motion carried 19 to 1 with REP. O'KEEFE voting no.

HOUSE OF REPRESENTATIVES

TAXATION COMMITTEE

ROLL CALL

DATE

4/12/91

NAME	PRESENT	ABSENT	EXCUSED
REP. DAN HARRINGTON	X		
REP. BEN COHEN, VICE-CHAIRMAN	X		
REP. BOB REAM, VICE-CHAIRMAN	X		
REP. ED DOLEZAL	X		
REP. JIM ELLIOTT	X		
REP. ORVAL ELLISON	X		
REP. RUSSELL FAGG	X		
REP. MIKE FOSTER	X		
REP. BOB GILBERT	X		
REP. MARIAN HANSON	X		
REP. DAVID HOFFMAN	X		
REP. JIM MADISON	X		
REP. ED MCCAFFREE	X		
REP. BEA MCCARTHY	X		
REP. TOM NELSON	X		
REP. MARK O'KEEFE	X		
REP. BOB RANEY	X		
REP. TED SCHYE	X		
REP. BARRY "SPOOK" STANG	X		
REP. FRED THOMAS	X		
REP. DAVE WANZENRIED	X		

EXHIBIT 159
DATE 4/12/91
HB SB 416

Amendments to Senate Bill No. 416
Third Reading Copy

Requested by Senator Williams
For the Committee on Taxation

Prepared by Jeff Martin
April 4, 1991

1. Page 3, line 13.
Following: "~~70%~~"
Insert: ", as provided in subsection (3),"
2. Page 3, line 15.
Strike: "\$400"
Insert: "\$250 per year for 4 years"
3. Page 3, line 17.
Following: "YEAR"
Insert: "in which the credit is claimed"
4. Page 4, line 4.
Following: "(3)"
Insert: "The tax credit allowed under this section is deductible from the taxpayer's income tax liability for the taxable year in which the installation costs were incurred and for the next 3 taxable years succeeding the taxable year in which the installation costs were incurred."
5. Page 4, lines 5 and 6.
Strike: ", AND" on line 5 through "INCURRED" on line 6

25

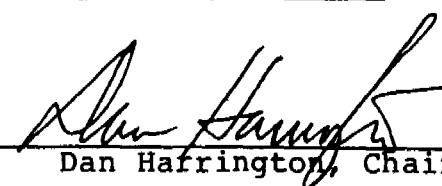
HOUSE STANDING COMMITTEE REPORT

April 12, 199

Page 1 of

Mr. Speaker: We, the committee on Taxation report that Senate
Bill 416 (third reading copy -- blue) be concurred in as
amended.

Signed:


Dan Harrington, Chairman

Carried by: Rep. H.S. Hanson

And, that such amendments read:

1. Page 3, line 13.

Following: "~~708~~"

Insert: ", as provided in subsection (3),"

2. Page 3, line 15.

Strike: "\$400"

Insert: "\$250 per year for 4 years"

3. Page 3, line 17.

Following: "YEAR"

Insert: "in which the credit is claimed"

4. Page 4, line 4.

Following: "(3)"

Insert: "The tax credit allowed under this section is deductible
from the taxpayer's income tax liability for the taxable
year in which the installation costs were incurred and for
the next 3 taxable years succeeding the taxable year in
which the installation costs were incurred."

5. Page 4, lines 5 and 6.

Strike: ", AND" on line 5 through "INCURRED" on line 6

HOUSE

SB 416

781524SC.HF

Insert: "A fire is considered a natural disaster regardless of the origin of the fire. However, if the taxpayer is convicted of arson for burning the property, property taxes may not be adjusted. If they had already been adjusted prior to the conviction, the original amount must be collected."

And, as amended, be concurred in. Report adopted.

SB 412, third reading copy, be amended as follows:

1. Page 15, lines 24 and 25.

Strike: "the percentage rate "P""

Insert: "4%"

2. Page 16, lines 2 through 25.

Strike: subsections (4) through (6) in their entirety

3. Page 35, line 24 through page 36, line 2.

Strike: "(1) through (5)"

Strike: "and the" on page 35, line 24 through "340" on page 36, line 2

And, as amended, be concurred in. Report adopted.

SB 415, third reading copy, be amended as follows:

1. Title, line 7.

Following: "PROCEEDS"

Insert: "MAY"

2. Page 2, line 17.

Strike: "only"

And, as amended, be concurred in. Report adopted.

SB 416, third reading copy, be amended as follows:

1. Page 3, line 13.

Following: "70%"

Insert: ", as provided in subsection (3),"

2. Page 3, line 15.

Strike: "\$400"

Insert: "\$250 per year for 4 years"

3. Page 3, line 17.

Following: "YEAR"

Insert: "in which the credit is claimed"

4. Page 4, line 4.

Following: "(3)"

Insert: "The tax credit allowed under this section is deductible from the taxpayer's income tax liability for the taxable year in which the installation costs were incurred and for the next 3 taxable years

succeeding the taxable year in which the installation costs were incurred."

5. Page 4, lines 5 and 6.

Strike: ", AND" on line 5 through "INCURRED" on line 6

And, as amended, be concurred in. Report adopted.

SB 435, third reading copy, be amended as follows:

1. Title, line 6.

Strike: "FOR THE SUPPORT OF THE MONTANA UNIVERSITY SYSTEM"

Insert: "TO IMPLEMENT THE RECOMMENDATION OF THE EDUCATION COMMISSION FOR THE NINETIES AND BEYOND THAT THE MONTANA UNIVERSITY SYSTEM BE FUNDED AT A LEVEL NO LESS THAN THAT OF ITS REGIONAL PEER COLLEGES AND UNIVERSITIES"

2. Page 2, line 23.

Following: "system."

Insert: "The appropriation is in addition to any other money that would otherwise be appropriated to the Montana university system. The funds must be used to implement the recommendation of the education commission for the nineties and beyond regarding peer funding for university system units."

And, as amended, be concurred in. Report adopted.

SB 438, third reading copy, be concurred in. Report adopted.

SB 445, third reading copy, be amended as follows:

1. Page 5, line 12.

Following: "notice"

Insert: "referred to in subsection (4)(a)"

2. Page 6, line 16.

Following: "reasonable"

Insert: "not to exceed 90 days except by the mutual consent of both parties"

3. Page 6, line 25.

Following: "Procedure"

Insert: ", including additional time for mailing"

4. Page 7, lines 3 and 4.

Strike: ", NOT TO EXCEED 90 DAYS EXCEPT BY THE MUTUAL CONSENT OF BOTH PARTIES."

And, as amended, be concurred in. Report adopted.

SB 454, third reading copy, be amended as follows:

1. Page 4, line 22.

Hayne, Kasten, Knox, Mercer, T. Nelson, Peterson, Phillips, Spring, Swysgood, Thoft, Thomas, Tunby, Wallin, Zook.
Total 29

Excused: None.
Total 0

Absent or not voting: Feland.
Total 1

Representative Harrington moved SB 151, as amended, be concurred in.

Representative Grinde moved to call for cloture. Motion carried.

Thereupon, SB 151, as amended, was not concurred in as follows:

Ayes: Bardanouve, Barnhart, Beck, Bradley, Brooke, D. Brown, Cobb, Cocchiarella, Cody, Cohen, Connelly, Daily, Darko, Dolezal, Dowell, Driscoll, Galvin, Gervais, Harrington, J. Johnson, Kadas, Kilpatrick, Kimberley, Larson, Madison, McCaffree, McCarthy, McCulloch, Measure, Menahan, Nisbet, O'Keefe, Pavlovich, Quilici, Ream, S. Rice, Russell, Schye, Scott, Southworth, Squires, Stickney, Strizich, Thomas, Toole, Whalen, Wyatt, Mr. Speaker.
Total 48

Noes: Bachini, Barnett, Becker, Benedict, Bergsagel, Boharski, J. Brown, Clark, Cromley, Davis, J. DeBruycker, R. DeBruycker, Elliott, Ellis, Ellison, Fagg, Feland, Forrester, Foster, Gilbert, Gould, Grady, Grinde, S. J. Hansen, H. S. Hanson, M. Hanson, Hayne, Hoffman, R. Johnson, Kasten, Keller, Knox, Lee, Mercer, Messmore, L. Nelson, T. Nelson, Peck, Peterson, Phillips, Raney, J. Rice, Simpkins, Spring, Stang, Stepler, Swysgood, Thoft, Tunby, Wallin, Wanzenried, Zook.
Total 52

Excused: None.
Total 0

Absent or not voting: None.
Total 0

SB 415 - Representative Darko moved SB 415 be concurred in.

Representative Gilbert made a substitute motion consideration of SB 415 be placed at the bottom of the second reading board. Motion carried.

SB 416 - Representative H.S. Hanson moved SB 416 be concurred in. Motion carried as follows:

Ayes: Bachini, Barnett, Beck, Becker, Benedict, Bergsagel, Bradley, D. Brown, Clark, Cobb, Cohen, Cromley, Daily, Darko, R. DeBruycker, Dowell, Elliott, Ellis, Ellison, Fagg, Feland, Forrester, Foster, Gilbert, Gould, Grady, Grinde, H. S. Hanson, M. Hanson, Harrington, Hoffman, J. Johnson, R. Johnson, Kadas, Kasten, Keller, Kilpatrick, Kimberley, Knox, Lee, Madison,

McCaffree, McCarthy, Menahan, Mercer, Messmore, T. Nelson, Pavlovich, Peterson, Phillips, Quilici, Raney, Ream, J. Rice, S. Rice, Schye, Simpkins, Southworth, Spring, Stang, Strizich, Swysgood, Thoft, Thomas, Toole, Tunby, Wallin, Wanzenried, Zook.

Total 69

Noes: Barnhart, Boharski, Brooke, J. Brown, Cocchiarella, Cody, Connelly, Davis, J. DeBruycker, Dolezal, Driscoll, Galvin, Gervais, S. J. Hansen, Larson, McCulloch, Measure, L. Nelson, Nisbet, O'Keefe, Peck, Russell, Scott, Squires, Stepler, Stickney, Whalen, Wyatt, Mr. Speaker.

Total 29

Excused: None.

Total 0

Absent or not voting: Bardanouve, Hayne.

Total 2

Representative Driscoll moved the committee rise and recess until 2:00 p.m. Motion carried.

House recessed at 1:00 p.m.

House reconvened at 2:00 p.m. Representative Messmore in the Chair.

SB 435 - Representative Kadas moved SB 435 be concurred in.

Representative McCarthy made a substitute motion to revert to the body of the bill for the purpose of amendment. Motion carried.

Representative McCarthy moved SB 435, third reading copy, be amended as follows (amendment #1):

1. Title, line 8.

Strike: "PRIMARY"

Insert: "GENERAL"

Strike: "JUNE"

Insert: "NOVEMBER"

2. Page 3, line 12.

Strike: "primary"

Insert: "general"

3. Page 3, line 13.

Strike: "June"

Insert: "November"

Amendment #1 passed as follows:

Ayes: Bachini, Bardanouve, Barnett, Barnhart, Beck, Becker, Benedict, Bergsagel, Boharski, Bradley, Brooke, J. Brown, Clark, Cobb, Cody, Cohen, Connelly, Cromley, Daily, J. DeBruycker, Dolezal, Dowell, Elliott, Ellis, Ellison, Fagg, Feland, Forrester, Foster, Galvin, Gervais, Gilbert, Gould,

Larson, Madison, McCaffree, McCarthy, McCulloch, Menahan, Mercer, L. Nelson, T. Nelson, Pavlovich, Peck, Peterson, Quilici, Raney, Ream, J. Rice, Russell, Schye, Scott, Simpkins, Southworth, Spring, Squires, Stang, Stepler, Stickney, Swysgood, Thoft, Thomas, Toole, Whalen, Zook.
Total 77

Noes: Bachini, Barnett, Boharski, Cobb, Cohen, Davis, Dolezal, Foster, Galvin, Gervais, Lee, Measure, Messmore, Nisbet, O'Keefe, Phillips, S. Rice, Strizich, Tunby, Wallin, Wanzenried, Wyatt, Mr. Speaker.
Total 23

Excused: None.
Total 0

Absent or not voting: None.
Total 0

SB 416 concurred in as follows:

Ayes: Bardanouve, Barnett, Becker, Benedict, Bergsagel, Bradley, D. Brown, J. Brown, Clark, Cobb, Cocchiarella, Cohen, Daily, Darko, R. DeBruycker, Dowell, Driscoll, Elliott, Ellis, Ellison, Fagg, Feland, Forrester, Foster, Gilbert, Gould, Grady, Grinde, H. S. Hanson, M. Hanson, Harrington, Hayne, Hoffman, J. Johnson, R. Johnson, Kasten, Keller, Kilpatrick, Kimberley, Knox, Larson, Lee, Madison, McCaffree, McCarthy, Menahan, Mercer, Messmore, T. Nelson, Pavlovich, Peterson, Phillips, Quilici, Raney, Ream, J. Rice, S. Rice, Schye, Simpkins, Southworth, Spring, Stang, Strizich, Swysgood, Thoft, Thomas, Toole, Tunby, Wallin, Wanzenried, Zook.
Total 71

Noes: Bachini, Barnhart, Beck, Boharski, Brooke, Cody, Connelly, Cromley, Davis, J. DeBruycker, Dolezal, Galvin, Gervais, S. J. Hansen, Kadas, McCulloch, Measure, L. Nelson, Nisbet, O'Keefe, Peck, Russell, Scott, Squires, Stepler, Stickney, Whalen, Wyatt, Mr. Speaker.
Total 29

Excused: None.
Total 0

Absent or not voting: None.
Total 0

SB 435 concurred in as follows:

Ayes: Bardanouve, Barnhart, Beck, Becker, Brooke, D. Brown, J. Brown, Cocchiarella, Cody, Cromley, Daily, Darko, Davis, Dolezal, Dowell, Driscoll, Elliott, Fagg, Forrester, Galvin, Gervais, S. J. Hansen, Harrington, J. Johnson, Kadas, Kilpatrick, Kimberley, Larson, Madison, McCarthy, McCulloch, Menahan, Nisbet, O'Keefe, Pavlovich, Peck, Quilici, Raney, Ream, S. Rice, Russell, Schye, Scott, Southworth, Squires, Stang, Stickney, Strizich, Toole, Wallin, Wanzenried, Whalen, Wyatt, Mr. Speaker.
Total 54

INTO PREFERRED PROVIDER AGREEMENTS WITH ALL HEALTH CARE PROVIDERS WILLING TO PROVIDE HEALTH CARE SERVICES UNDER A PREFERRED PROVIDER AGREEMENT; AMENDING SECTION 33-22-1704, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

I propose to amend Senate Bill 256 by placing a two year sunset amendment on the bill. Although the objectives of Senate Bill 256 are laudable (allowing willing providers to meet the terms and conditions established in Preferred Provider Agreements), the effect of this bill on health care costs is currently impossible to predict.

Senate Bill 256 also raises several fundamental issues about health care in Montana such as access to high quality health care services in rural communities, the role of Preferred Provider Agreements in controlling health care costs and the effect of these agreements on rural communities.

Because of the importance of these issues, it is appropriate to evaluate the impact of this bill after two years.

I urge your concurrence with this amendment.

Sincerely,

STAN STEPHENS
Governor

GOVERNOR'S AMENDMENTS TO
SENATE BILL 256
(REFERENCE COPY, AS AMENDED)
April 17, 1991

1. Title, line 9.

Following: "DATE"

Insert: "AND A TERMINATION DATE"

2. Page 2, following line 25.

Insert: "NEW SECTION. Section 3. Termination. [This act] terminates July 1, 1993."

MESSAGES FROM THE OTHER HOUSE

Senate bill concurred in and returned to the Senate:

SB 438, introduced by B. Brown

Senate bills concurred in as amended and returned for concurrence in House amendments:

SB 412, introduced by Crippen

SB 416, introduced by Williams

SB 435, introduced by B. Brown

SB 436, introduced by B. Brown

SB 445, introduced by Doherty

51

EIGHTY-THIRD LEGISLATIVE DAY
April 18, 1991

1717

Nays: Beck, Brown, Burnett, Crippen, Devlin, Gage, Grosfield, Hager, Halligan, Harding, Harp, Hockett, Noble, Swift, Thayer, Tveit, Yellowtail.
Total 17

Absent or not voting: Aklestad, Farrell, Koehnke.
Total 3

Excused: Bengtson, Manning, Rea.
Total 3

SB 412 - Senator Crippen moved that the Senate pass consideration of House amendments to SB 412. Motion carried.

SB 415 - Senator Vaughn moved that House amendments to SB 415 be concurred in. Motion carried unanimously.

SB 416 - Senator Williams moved that House amendments to SB 416 be concurred in. Motion carried with Senators Harding and Van Valkenburg voting nay.

SB 428 - Senator Nathe moved that House amendments to SB 428 be concurred in. Senator Nathe made a substitute motion that House amendments to SB 428 be placed below the Free Conference Committee Report on HB 244 on the second reading board this legislative day. Motion carried.

SB 435 - Senator Brown moved that House amendments to SB 435 be not concurred in. Motion carried unanimously.

SB 436 - Senator Brown moved that House amendments to SB 436 be not concurred in. Motion carried unanimously.

SB 445 - Senator Van Valkenburg moved that the Senate pass consideration of the House amendments to SB 445. Motion carried.

HB 511 - Senator Jacobson moved that Conference Committee Report No. 1 to HB 511 be adopted. Motion carried unanimously.

HB 698 - Senator Halligan moved that Conference Committee Report No. 1 to HB 698 be adopted. Motion carried unanimously.

HB 244 - Senator Van Valkenburg moved that Free Conference Committee Report No. 1 to HB 244 be adopted. Motion carried unanimously.

SB 428 - Senator Nathe moved that House amendments to SB 428 be not concurred in. Motion carried unanimously.

SB 229 - Senator Fritz moved that Governor's amendments to SB 229 be concurred in. Motion carried unanimously.

SB 256 - Senator Lynch moved that Governor's amendments to SB 256 be concurred in. Motion carried with Senators Hager and Svrcsek voting nay.

82

4-19-91

1. Title, line 8.

Strike: "PROVIDING AN EXCEPTION;"

2. Page 1, lines 22 and 23.

Strike: subsection (2) in its entirety

Renumber: subsequent subsection

And that this Free Conference Committee report be adopted.

For the House:

O'Keefe, Chair
Measure
Spring

For the Senate:

Williams, Chair
Bianchi
Grosfield**MESSAGES FROM THE SENATE**

House bills not concurred in and returned to the House: 4/13/91

HB 692, introduced by Gould**HB 764**, introduced by Hayne

House amendments to Senate bills concurred in: 4/19/91

SB 384, introduced by Lynch**SB 412**, introduced by Crippen**SB 415**, introduced by Vaughn**SB 416**, introduced by Williams**SB 445**, introduced by Doherty

Conference committee report #1 adopted: 4/19/91

HB 511, introduced by R. Johnson**HB 698**, introduced by Scott

Free conference committee report #1 adopted: 4/19/91

HB 244, introduced by Thomas

Governor's amendments concurred in: 4/19/91

SB 229, introduced by Fritz**SB 256**, introduced by Gage

The Senate, on 4/17/91, failed to concur in House amendments to SB 154 and appointed a conference committee, requesting the House appoint a like committee to confer on House amendments to SB 154.

President Mazurek appointed the following members:

Senator Svrcek, Chairman
Senator Towe
Senator Nathe

EIGHTY-FOURTH LEGISLATIVE DAY
April 19, 1991

1817

SB 412 House amendments concurred in by the following vote:

Yeas: Aklestad, Beck, Bengtson, Bianchi, Blaylock, Bruski, Crippen, Devlin, Eck, Farrell, Fritz, Gage, Grosfield, Hager, Halligan, Hockett, Jacobson, Jergeson, Keating, Koehnke, Lynch, Nathe, Pinsoneault, Pipinich, Rea, Rye, Stimatz, Svrcek, Swift, Towe, Van Valkenburg, Vaughn, Waterman, Weeding, Williams, Yellowtail, Mr. President.
Total 37

Nays: Anderson, Brown, Burnett, Doherty, Franklin, Hammond, Harding, Harp, Kennedy, Noble, Thayer, Tveit.
Total 12

Absent or not voting: None.
Total 0

Excused: Manning.
Total 1

SB 415 House amendments concurred in by the following vote:

Yeas: Aklestad, Anderson, Beck, Bengtson, Bianchi, Blaylock, Brown, Bruski, Crippen, Devlin, Doherty, Eck, Farrell, Franklin, Fritz, Gage, Grosfield, Hager, Halligan, Hammond, Harding, Harp, Hockett, Jacobson, Jergeson, Keating, Kennedy, Koehnke, Lynch, Nathe, Noble, Pinsoneault, Pipinich, Rea, Rye, Stimatz, Svrcek, Swift, Thayer, Towe, Tveit, Van Valkenburg, Vaughn, Waterman, Weeding, Williams, Yellowtail, Mr. President.
Total 48

Nays: Burnett.
Total 1

Absent or not voting: None.
Total 0

Excused: Manning.
Total 1

SB 416 House amendments concurred in by the following vote:

Yeas: Aklestad, Anderson, Beck, Bengtson, Bianchi, Blaylock, Brown, Bruski, Devlin, Doherty, Eck, Farrell, Franklin, Fritz, Grosfield, Hager, Halligan, Hammond, Hockett, Jacobson, Jergeson, Kennedy, Koehnke, Lynch, Nathe, Noble, Pinsoneault, Pipinich, Rea, Rye, Stimatz, Svrcek, Swift, Thayer, Towe, Vaughn, Waterman, Weeding, Williams, Yellowtail.
Total 40

Nays: Burnett, Crippen, Gage, Harding, Harp, Keating, Tveit, Van Valkenburg, Mr. President.
Total 9

Absent or not voting: None.

Total 0

Excused: Manning.

Total 1

SB 445 House amendments concurred in by the following vote:

Yeas: Aklestad, Anderson, Beck, Bengtson, Bianchi, Blaylock, Brown, Bruski, Burnett, Crippen, Devlin, Doherty, Eck, Farrell, Franklin, Fritz, Gage, Grosfield, Hager, Halligan, Hammond, Harding, Harp, Hockett, Jacobson, Jergeson, Keating, Kennedy, Koehnke, Lynch, Nathe, Noble, Pinsoneault, Pipinich, Rea, Rye, Stimatz, Svrcek, Swift, Thayer, Towe, Tveit, Van Valkenburg, Vaughn, Waterman, Weeding, Williams, Yellowtail, Mr. President.

Total 49

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: Manning.

Total 1

HB 511 Conference Committee Report No.1 adopted by the following vote:

Yeas: Aklestad, Anderson, Beck, Bengtson, Bianchi, Blaylock, Brown, Bruski, Burnett, Crippen, Devlin, Doherty, Eck, Farrell, Franklin, Fritz, Gage, Grosfield, Hager, Halligan, Hammond, Harding, Harp, Hockett, Jacobson, Jergeson, Keating, Kennedy, Koehnke, Lynch, Nathe, Noble, Pinsoneault, Pipinich, Rea, Rye, Stimatz, Svrcek, Swift, Thayer, Towe, Tveit, Van Valkenburg, Vaughn, Waterman, Weeding, Williams, Yellowtail, Mr. President.

Total 49

Nays: None.

Total 0

Absent or not voting: None.

Total 0

Excused: Manning.

Total 1

HB 698 Conference Committee Report No. 1 adopted by the following vote:

Yeas: Aklestad, Anderson, Beck, Bengtson, Bianchi, Blaylock, Brown, Bruski, Burnett, Crippen, Devlin, Doherty, Eck, Farrell, Franklin, Fritz, Gage, Grosfield, Hager, Halligan, Hammond, Harding, Harp, Hockett, Jacobson, Jergeson, Keating, Kennedy, Koehnke, Lynch, Nathe, Noble, Pinsoneault, Pipinich, Rea, Rye, Stimatz, Svrcek, Swift, Thayer, Towe, Tveit,

SENATE BILL NO. 416

INTRODUCED BY WILLIAMS, H. HANSON

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A TAX CREDIT FOR THE INSTALLATION OF A GEOTHERMAL SYSTEM; AMENDING SECTION 15-32-102, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-32-102, MCA, is amended to read:

"15-32-102. Definitions. As used in this part, the following definitions apply:

(1) "Building" means a single or multiple dwelling, including a mobile home, or a building used for commercial, industrial, or agricultural purposes, which is enclosed with walls and a roof.

(2) "Capital investment" means any material or equipment purchased and installed in a building or land with or without improvements.

(3) "Energy conservation purpose" means one or more of the following results of an investment: reducing the waste or dissipation of energy or reducing the amount of energy required to accomplish a given quantity of work.

(4) "Geothermal system" means a system that transfers energy either from the ground, by way of a closed loop, or

from ground water, by way of an open loop, for the purpose of heating or cooling a residential building.

(4)(5) "Passive solar system" means a direct thermal energy system that uses the structure of a building and its operable components to provide heating or cooling during the appropriate times of the year by using the climate resources available at the site. It includes only those portions and components of a building that are expressly designed and required for the collection, storage, and distribution of solar energy and that are not standard components of a conventional building.

(5)(6) "Low emission wood or biomass combustion device" means a stove or furnace or a catalytic converter added to a stove or furnace which burns wood or other nonfossil biomass and which has an emission rate of less than 6 grams per hour when tested in conformance with the standard method for measuring the emissions and efficiencies of residential wood stoves as adopted by the department of health and environmental sciences pursuant to 15-32-203.

(6)(7) "Recognized nonfossil forms of energy generation" means:

(a) a system for the utilization of solar energy including passive solar systems, wind, solid wastes, or the decomposition of organic wastes for capturing energy or converting energy sources into usable sources;

(b) a system for the production of electric power from solid wood wastes;

(c) a low-emission wood or biomass combustion device; or

(d) a small system for the utilization of water power by means of an impoundment not over 20 acres in surface area."

NEW SECTION. Section 2. Credit for geothermal system -- to whom available -- eligible costs -- LIMITATIONS. (1) A resident individual taxpayer who completes installation of a geothermal system, as defined in 15-32-102, in the taxpayer's principal dwelling is entitled to claim a tax credit ~~in an amount equal to 70%~~, AS PROVIDED IN SUBSECTION (3), AGAINST THE TAXPAYER'S TAX LIABILITY UNDER CHAPTER 30 FOR A PORTION of the installation costs of the system, up to ~~\$3,000 \$400 \$250~~ PER YEAR FOR 4 YEARS. THE CREDIT MAY NOT EXCEED THE TAXPAYER'S INCOME TAX LIABILITY FOR THE TAXABLE YEAR IN WHICH THE CREDIT IS CLAIMED.

(2) For the purposes of this section, installation costs include the cost of:

(a) trenching, well drilling, casing, and downhole heat exchangers;

(b) piping, control devices, and pumps that move heat from the earth to heat or cool the building;

(c) ground source or ground coupled heat pumps;

(d) liquid-to-air heat exchanger, ductwork, and fans installed with a ground heat well that pump heat from a well into a building; and

(e) design and labor.

(3) THE TAX CREDIT ALLOWED UNDER THIS SECTION IS DEDUCTIBLE FROM THE TAXPAYER'S INCOME TAX LIABILITY FOR THE TAXABLE YEAR IN WHICH THE INSTALLATION COSTS WERE INCURRED AND FOR THE NEXT 3 TAXABLE YEARS SUCCEEDING THE TAXABLE YEAR IN WHICH THE INSTALLATION COSTS WERE INCURRED. THERE IS NO CARRYBACK OR CARRYFORWARD OF THE CREDIT PERMITTED UNDER THIS SECTION,--AND--THE--CREDIT--MUST--BE--APPLIED--IN--THE--YEAR--THE--INSTALLATION--COSTS--ARE--INCURRED.

~~NEW SECTION.--Section 3.--Taxable years in which credit may be claimed-----carryover. The tax credit allowed under {section 2} is deductible from the taxpayer's income tax liability for the taxable year in which the geothermal system was acquired by the taxpayer. If the amount of the tax credit exceeds the taxpayer's income tax liability for the taxable year, the amount that exceeds the tax liability may be carried over for deduction from the taxpayer's income tax liability in the next succeeding taxable year or years until the total amount of the tax credit has been deducted from tax liability. A tax credit may not be carried over for deduction after the fifth taxable year succeeding the taxable year in which the energy system was acquired.~~

1 NEW SECTION. **Section 3.** Codification instruction.
2 [~~Sections~~ SECTION 2 and-3] are IS intended to be codified as
3 an integral part of Title 15, chapter 32, part 1, and the
4 provisions of Title 15, chapter 32, part 1, apply to
5 [~~sections~~ SECTION 2 and-3].

6 NEW SECTION. **Section 4.** Effective date -- retroactive
7 applicability. [This act] is effective on passage and
8 approval and applies retroactively, within the meaning of
9 1-2-109, to taxable years beginning after December 31, 1990.

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